

FINANCE COMMITTEE AGENDA

Tuesday, December 8, 2020
11:30 a.m. – Council Chamber

GENERAL BUSINESS

11:30 a.m.

1. Approval of the Draft Finance Committee Meeting Notes from October 27, 2020.

Contact: Donna Witt, Chief Financial Officer 455-3968

11:35 a.m.

2. Report on the General Fund Reserve for Contingencies.

Contact: Donna Witt, Chief Financial Officer 455-3968

11:40 a.m.

3. Review highlights of attached quarterly financial reports for the Greater Lynchburg Transit Company (GLTC) as well as the Regional Airport, Lynchburg Regional Juvenile Detention Center, Children's Services Act, Water Operating, Sewer Operating, Stormwater Operating, and General Funds for the quarter ending September 30, 2020.

Fund	Preparer
GLTC	Brian Booth, General Manager of GLTC
Regional Airport Fund*	Andrew LaGala, Airport Director
Lynchburg Regional Juvenile Detention Center	Tamara Rosser, Director of Human Services
Children's Services Act Fund (CSA)	Tamara Rosser, Director of Human Services
Water Operating Fund	Tim Mitchell, Director of Water Resources
Sewer Operating Fund	Tim Mitchell, Director of Water Resources
Stormwater Operating Fund	Tim Mitchell, Director of Water Resources
General Fund	Donna Witt, Chief Financial Officer

12:20 p.m.

4. Receive a report on the FY 2020 Write-Off of Uncollectible Accounts Receivable.

Contact: Donna Witt, Chief Financial Officer 455-3968

12:25 p.m.

5. Investment Summary.

Contact: Donna Witt, Chief Financial Officer 455-3968

12:30 p.m.

6. Roll Call

The next Finance Committee meeting is Tuesday, January 26, 2021, at 11:30 a.m.

FINANCE COMMITTEE NOTES-- DRAFT
Tuesday, October 27, 2020

GENERAL BUSINESS

Meeting commenced at 11:30 a.m. in Council Chamber in order to allow for social distancing requirements due to COVID-19.

ATTENDEES

Committee Members: Council Member Jeff S. Helgeson, Chair; Council Member Randy Nelson; Council Member Beau Wright; Mayor MaryJane Dolan, Ex-Officio.

Others: Reid Wodicka, Interim City Manager; Kent White, Acting Deputy City Manager; Donna Witt, Chief Financial Officer; Reid Lanham, Accounting Manager; Starlette Early, Budget Analyst

1. Approval of the Draft Finance Committee Meeting Notes from September 22, 2020.

The meeting notes from September 22, 2020 were approved as submitted.

2. Report on the General Fund Reserve for Contingencies.

Donna Witt reported one new item is introduced in the amount of \$9,945 for the Sheriff's Office. The Sheriff's Office will present this item to the Finance Committee later in the agenda. If approved, the FY 2021 General Fund Reserve for Contingencies will have a balance of \$1,162,265 including \$22,210 in the Manager's Discretionary Fund.

3. Consider a request to adopt a resolution to amend the FY 2021 City/Federal/State Aid Fund budget to appropriate \$632,496 with resources of \$632,496 from the FY 2020 Department of Justice, Office on Violence Against Women, Improving Criminal Justice Responses Grant Program, also known as Arrest Program, to enhance the criminal justice response to sexual assault, domestic violence, dating violence, stalking, and protective order process.

This item was approved by the Committee and will be considered by Council at the October 27, 2020 meeting.

4. Consider a request to adopt a resolution to amend the FY 2021 General Fund Sheriff's Office budget and appropriate \$9,945 with resources of \$9,945 transferred from the General Fund Reserve for Contingencies to purchase accessories such as batteries, shoulder mics, and belt clips needed for replacement portable radios received by the Sheriff's Office.

*This item was approved by the Committee and will be considered by Council at the October 27, 2020 meeting. (*NOTE: This item was removed from the October 27th City Council agenda due to use of other funding source currently budgeted in FY 2021 Capital Improvement Program.)*

5. Consider a request to adopt a resolution to amend the FY 2021 City/Federal/State Aid Fund budget and appropriate \$76,507 with resources from the 2020 State Homeland Security Program

(SHSP) grant from U.S. Department of Homeland Security (DHS) to fund equipment for the Fire Department Technical Rescue Team.

This item was approved by the Committee and will be considered by Council at the October 27, 2020 meeting.

6. Consider a request to adopt a resolution to amend the FY 2021 City/Federal/State Aid Fund budget and appropriate \$32,130 with resources from the 2020 Edward Byrne Memorial Justice Assistance Grant (JAG) to purchase law enforcement equipment for the Lynchburg Police Department, Lynchburg Sheriff's Office and the Office of the Commonwealth's Attorney.

This item was approved by the Committee and will be considered by Council at the October 27, 2020 meeting.

7. Consider a request to adopt a resolution to amend the FY2021 City/Federal State Aid Fund budget and appropriate \$122,990 with resources from the 2020 State Homeland Security Program (SHSP) Grant through the Virginia Department of Emergency Management (VDEM) to purchase mobile vehicle barriers and a trailer for the Lynchburg Police Department.

This item was approved by the Committee and will be considered by Council at the October 27, 2020 meeting.

8. Consider a request to adopt a resolution to amend the FY 2021 City/Federal/State Aid Fund budget and appropriate \$59,138 with resources of \$29,569 from the Bulletproof Vest Partnership 2020 Grant Program and \$29,569 transferred from the FY2021 General Fund Police Department (\$24,769) and Sheriff's Office (\$4,800) budgets to purchase replacement bulletproof vests for law enforcement officers.

This item was approved by the Committee and will be considered by Council at the October 27, 2020 meeting.

9. Review highlights of attached quarterly financial reports for the Greater Lynchburg Transit Company (GLTC) as well as the Regional Airport, Lynchburg Regional Juvenile Detention Center, Children's Services Act, Water Operating, Sewer Operating, Stormwater Operating, and General Funds for the quarter ending June 30, 2020.

GLTC: Brian Booth reported total revenues for the fourth quarter is approximately 2% below budget for the quarter (and 2% below budget year-to-date) due primarily to lower passenger revenues, Liberty conducting classes online, and GLTC offering fare-free service after the pandemic hit in mid-March. Advertising revenue was down 51% for the quarter and 20% year-to-date due to reductions in advertising opportunities. Expenditures overall were under budget 9% for the fourth quarter and 7% year-to-date due primarily to furloughed operators, service reductions due to the pandemic, and wage adjustments not yet applied pending union contract negotiations. Maintenance expenses are down 14% year-to-date due to less utilization; Administrative expenses are down 5% year-to-date. GLTC expects to close the fourth quarter and fiscal year with a \$420,922 surplus, due in large part to extra relief assistance provided by DRPT and reductions of expenses during the pandemic.

*Airport: *Note: Due to a previously scheduled meeting, Airport Director Andrew LeGala will present the Regional Airport Fund report for the quarter ending June 30, 2020 at the November Finance Committee meeting.*

Lynchburg Regional Juvenile Detention Center: Tamara Rosser reported overall revenues are currently 92% of budget and expenditures are at approximately 97% of budget. A Third Quarter adjustment of \$25,000 was made for an emergency sewer line replacement. The average number of juveniles served was higher when compared to the same time in 2019; there were more childcare days in the fourth quarter.

Children's Services Act (CSA): Tamara Rosser reported overall revenues (95%) and expenses (93.2%) are within budget. There was approximately \$1 million more this year over last year due to more children in Foster care placements. She also noted increased spending in Community-based services and Non-mandated services.

Water: Tim Mitchell reported revenue in the Water Fund exceeded the budgeted amount by \$100,000 and overall expenses were \$1.2 million less than budgeted; Debt service was \$66,553 less than budgeted due to deferral of start date for a planned financed construction project. Debt coverage ratio for the end of the fiscal year is 1.67 (above Council's minimum target of 1.20) and the fund balance ratio for year end is 60% compared to a target range of 25% - 40%.

Sewer: Tim Mitchell reported a very strong position for the sewer fund; overall revenues exceeded budget by approximately \$1.6 million and overall expenses were below budgeted by \$1.5 million. Debt coverage ratio is at 1.58 compared to a target range of 1.20 to 1.50, and the fund balance ratio is at 46% compared to a target range of 25% - 40%.

Stormwater: Tim Mitchell reported a stable financial position for the stormwater fund with overall revenues exceeding budget by \$80,000 and expenses were approximately \$181,000 less than budget. The debt coverage ratio for end of the fiscal year is at 7.45 (Council's minimum target is 1.20) and the fund balance ratio is at 44% compared to the target range of 15% - 20%.

General Fund: Donna Witt reported Fiscal Year 2020 ending shockingly well with a fund balance of 17.3% compared to the goal of 15%. Overall Revenues exceeded the amended budget by \$6.1 million and expenditures were \$7.6 million less than budgeted. She noted Sales Tax was up by almost \$1 million over the amended budget, and Business License was up by \$1.3 million. Ms. Witt also indicated the bond refunding went exceptionally well, with the City reaffirming their ratings with all three rating agencies, and received a rate of 0.8% to save \$2.8 million in interest over 11 years.

10. Roll Call

There were no roll call items.

Meeting adjourned at 12:26 p.m.

FY 2021 GENERAL FUND RESERVE FOR CONTINGENCIES

	<u>Reserve for Contingencies</u>	<u>City Manager's Discretionary Funding</u>
BEGINNING BALANCE, JULY 1, 2020	\$1,150,000	\$50,000
Carryforward to FY 2021 Reserve for Contingencies - FY 2021 Adopted Budget	0	0
BALANCE	<u><u>\$1,150,000</u></u>	<u><u>\$50,000</u></u>
 APPROPRIATIONS (Second Reading)		
City Manager's Discretionary Fund - Communications and Public Engagement - Everbridge Module Mass Notification Pro		(\$6,609)
City Manager's Discretionary Fund - Police - Rentals for Lynchburg Police Department (LPD) Listening Sessions		(\$1,181)
City Manager's Discretionary Fund - Council/Manager's Office - Training for Action for Change (A4C) Committee		(\$20,000)
 TOTAL APPROPRIATIONS	<u>\$0</u>	<u>(\$27,790)</u>
 REMAINING BALANCE	<u><u>\$1,150,000</u></u>	<u><u>\$22,210</u></u>
 ITEMS INTRODUCED		
Sheriff's Office – Portable Radio Replacement Accessories (\$9,945)		
TOTAL INTRODUCED ITEMS	<u>\$0</u>	<u>\$0</u>
 REMAINING BALANCE	<u><u>\$1,150,000</u></u>	<u><u>\$22,210</u></u>
 PENDING ITEMS		
 TOTAL PENDING ITEMS	<u>\$0</u>	<u>\$0</u>
 PROJECTED BALANCE, JUNE 30, 2021	<u><u>\$1,150,000</u></u>	<u><u>\$22,210</u></u>



GREATER LYNCHBURG TRANSIT COMPANY

We're Here To Get You There!

Finance Committee
City Council
City of Lynchburg

November 10th, 2020

RE: September 30th, 2020 (1st Quarter – FY 2021) Financial Report – Greater Lynchburg Transit Company

The attached Greater Lynchburg Transit Company Quarterly Income Statement summarizes the financial activities for the first quarter and year-to-date financials for FY21.

REVENUE

Total revenue for the first quarter was approximately 8 % under budget for the quarter and year-to-date. Passenger Revenue and Access Contracts reflect no revenue during the first quarter due to operating service fare free while awaiting the shipment and installation of driver barriers for additional driver protection. Non-Operating Revenue is slightly over budget at 18 % for the first quarter, but is budgeted on previous experience as this is not a consistent or predictable revenue stream. Advertising Revenue is under budget 10 % for the quarter and year-to-date and reflects management's best estimate as to how advertising would recover following the shut down during the Spring of 2020.

Liberty University Revenue, City Operating, and County Operating Assistance all reflect being within budget for the first quarter and year-to-date. State Operating Assistance reflects being under budget approximately 1 % and should be noted that the State has not approved the allocation for operating assistance for FY 2021 yet. They have amended the FY 2020 budget to provide transit entities operating assistance for the first quarter of FY 2021 based on the allocation approved in FY 2020. Guidance has been provided that once allocation for FY 2021 is approved, the remaining payments will be adjusted to account for funds previously provided as to not exceed the total amount allocated for FY 2021. Federal Operating Assistance reflects being within budget for the first quarter and year-to-date and is from the apportionment of CARES Act funds that GLTC received. The CARES Act funds received by GLTC does not have an expiration date, but Congress has the ability to resend unspent funds in the future. GLTC anticipates to utilize its allocation of CARES Act funds to support operating expenditures in FY 2021 and FY 2022.

EXPENDITURES

On the expense side, total expenses were under budget 24 % for the first quarter and year-to-date. Salaries are under budget approximately 30 % as a whole and overtime is under budget approximately 15 % companywide. These savings are due in large part to anticipated wage adjustments not yet being applied pending the renegotiation of the union contract. Fringe Benefits are approximately 12 % under budget and due in large part to health insurance premiums being lower than anticipated. We anticipate these budget figures to come more in line once expenditures from Sunday service are reflected and when the anticipated wage adjustments are applied upon finalizing the union contract.

Maintenance expenses (less wages and benefits) are under budget as a whole approximately 36 % for the first quarter due mainly to fuel expenses be lower than projected following the decline in fuel prices during the onset of the pandemic as well as service impacts related to COVID-19 exposure among staff. Tires reflect minimal utilization during the first quarter, but we anticipate this to moderate as we progress through the year.





GREATER LYNCHBURG TRANSIT COMPANY

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Administrative expenses are under budget approximately 13 % for the first quarter and year-to-date with Services approximately 9 % under budget, Casualty/Liability Expenses approximately 5 % under budget, and Information Technology approximately 4 % under budget. Utilities are approximately 35 % under budget due to the greatest expense for utilities being from heating costs during the winter months. Other Materials and Supplies is slightly over budget at 11 %, approximately \$ 1,400, for the first quarter and year-to-date. Miscellaneous expenses are under budget 76 % for the first quarter and year-to-date due to the limited travel and public relations activities occurring during this time.

SUMMARY

GLTC is closing the first quarter with an approximate \$ 288,465 surplus, however this figure should be approached cautiously as there are a lot of factors anticipated that will impact the actual net income. Some of the major factors which will impact this figure are: the final allocation of State Operating Assistance for FY21, the finalization of the renegotiated union contract and associated wage adjustments, the addition of bus service on Sundays, and the utilization of GLTC's allocation of CARES Act funds. These four items will have an effect on GLTC's bottom line and staff are taking a very conservative approach to ensure our financials remain in a positive situation as we progress through the fiscal year.

Respectfully submitted,

Brian Booth
General Manager



CENTRAL VIRGINIA TRANSIT MANAGEMENT CO INC.

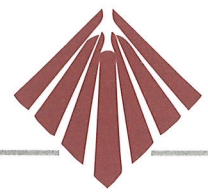
QUARTERLY INCOME STATEMENT

AS OF SEPTEMBER 30, 2020

	QTR TO DATE						
	FY2020	FY2020	%	FY2020	FY2020	%	
	QTD	QTD	VAR	YTD	YTD	of	
	ACTUAL	BUDGET		ACTUAL	BUDGET	Budget	
REVENUE							
FRT Passenger Revenue	\$ -	\$ 100,361	-100%	\$ -	\$ 100,361	0%	
DRT Passenger Revenue	-	12,371	-100%	-	12,371	0%	
Contracts (LU Access)	-	30,240	-100%	-	30,240	0%	
Contracts (CVCC Access)	-	11,730	-100%	-	11,730	0%	
Liberty University Revenue	66,874	66,780	0%	66,874	66,780	100%	
Non-Operating Revenue	3,629	3,076	18%	3,629	3,076	118%	
Advertising Revenue	13,003	14,381	-10%	13,003	14,381	90%	
City Operating Assistance	125,000	125,000	0%	125,000	125,000	100%	
County Operating Assistance	19,450	19,450	0%	19,450	19,450	100%	
State Operating Assistance	509,088	516,375	-1%	509,088	516,375	99%	
Federal Operating Assistance	1,064,438	1,064,438	0%	1,064,438	1,064,438	100%	
TOTAL REVENUE	\$ 1,801,482	\$ 1,964,201	-8%	\$ 1,801,482	\$ 1,964,201	92%	
EXPENSES							
FIXED ROUTE							
Operator Labor	\$ 240,369	\$ 391,666	-39%	\$ 240,369	\$ 391,666	61%	
Operator-Overtime	42,113	50,732	-17%	42,113	50,732	83%	
Other Salaries & Wages	70,482	77,416	-9%	70,482	77,416	91%	
Supervisors-Overtime	5,687	3,775	51%	5,687	3,775	151%	
Fringe Benefits	229,112	269,408	-15%	229,112	269,408	85%	
TOTAL FIXED ROUTE	\$ 587,763	\$ 792,998	-26%	\$ 587,763	\$ 792,998	74%	
DEMAND RESPONSE							
Operator Labor	\$ 49,755	\$ 80,195	-38%	\$ 49,755	\$ 80,195	62%	
Operator-Overtime-PTS	2,204	2,382	-7%	2,204	2,382	93%	
Other Salaries & Wages	15,824	16,955	-7%	15,824	16,955	93%	
Fringe Benefits	43,301	52,530	-18%	43,301	52,530	82%	
TOTAL DEMAND RESPONSE	\$ 111,083	\$ 152,062	-27%	\$ 111,083	\$ 152,062	73%	
MAINTENANCE							
Other Salaries & Wages	\$ 128,046	\$ 167,593	-24%	\$ 128,046	\$ 167,593	76%	
Inspection&Maint,Srvc-Overtime	4,638	7,209	-36%	4,638	7,209	64%	
Fringe Benefits	84,761	92,255	-8%	84,761	92,255	92%	
Fuel & Lubricants	69,332	140,379	-51%	69,332	140,379	49%	
Tires & Tubes	3,343	29,089	-89%	3,343	29,089	11%	
Other Materials & Supplies	107,766	128,804	-16%	107,766	128,804	84%	
TOTAL MAINTENANCE	\$ 397,886	\$ 565,328	-30%	\$ 397,886	\$ 565,328	70%	
ADMINISTRATION							
Other Salaries & Wages	\$ 89,155	\$ 103,859	-14%	\$ 89,155	\$ 103,859	86%	
Fringe Benefits	56,954	54,814	4%	56,954	54,814	104%	
Services	106,769	117,560	-9%	106,769	117,560	91%	
Utilities	31,674	48,880	-35%	31,674	48,880	65%	
Casualty & Liability Expenses	74,303	78,070	-5%	74,303	78,070	95%	
Information Technology	37,995	39,425	-4%	37,995	39,425	96%	
Other Materials & Supplies	13,804	12,410	11%	13,804	12,410	111%	
Miscellaneous	5,629	23,051	-76%	5,629	23,051	24%	
TOTAL ADMINISTRATION	\$ 416,284	\$ 478,068	-13%	\$ 416,284	\$ 478,068	87%	
TOTAL EXPENSES	\$ 1,513,017	\$ 1,988,456	-24%	\$ 1,513,017	\$ 1,988,457	76%	
NET INCOME/(LOSS)	\$ 288,465	\$ (24,255)		\$ 288,465	\$ (24,256)		

Lynchburg Regional Airport

A City of Lynchburg Enterprise Fund



350 Terminal Drive • Suite 100
Lynchburg, Virginia 24502
P 434-455-6090 • F 434-239-9027
www.lynchburgva.gov/airport

November 10, 2020

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

Re: September 30, 2020 – Quarterly Financial Summary - Lynchburg Regional Airport

REGIONAL AIRPORT FUND

The attached Lynchburg Regional Airport Operating Fund Financial Summary reflects the financial activity through the FY2021 first quarter ending September 30, 2020. I am pleased to report that operating revenues are continuing their slow but steady increase to pre-COVID levels as American Airlines continues to add flights as passenger traffic demand warrants. With the aid of our CARES “revenue replacement” grant, the Airport continues to project a FY2021 surplus of \$162,349 per our adopted budget.

REVENUE HIGHLIGHTS

- Airfield Revenue: Revenue is projected to be \$45,000 less than budget due to decreased landing fees as a result of having fewer daily flights than when budgeted.
- Terminal Revenue: Revenue is projected to be \$340,000 less than budget due mainly to the negative impact of COVID-19 on auto parking and rental car concession revenues (our two hardest hit revenues).
- General Aviation: Revenue is projected to be \$20,000 less than budget due to decreased revenue from the fuel farm lease/through-put fee on aviation fuel sales.

EXPENSE HIGHLIGHTS

- Small Projects & Equipment: Expenses will be held to \$1,400,000 less than budget in order to offset the expected \$405,000 shortfall in revenues and to accommodate an estimated \$1,000,000 transfer to our capital fund for a planned pay-as-you-go partial funding contribution to a revenue-producing new corporate hangar project. This transfer will be included as part of our "Third Quarter Budget Adjustments" request later this fiscal year.
- Transfers to Other Airport Funds: As mentioned above, the Airport is estimating that our CARES grant revenues will exceed our actual loss of revenue by roughly \$1,400,000. The airport will be requesting that \$1,000,000 of this additional revenue be transferred to our capital fund for a pay-as-you-go partial funding contribution to a revenue-producing new corporate hangar project.

SUMMARY

At this point, operating revenues for the year are projected to be an estimated \$405,000 less than budgeted while departmental expenses, other than those previously mentioned, are projected to be consistent with the budget. Based on projections of gradually increasing airline passenger traffic, revenues are expected to continue their slow but steady recovery to pre-COVID levels. With the CARES grant providing lost revenue replacement and a planned transfer to our capital fund later this fiscal year, the Airport continues to project an operating surplus for FY2021 of \$162,349 per our adopted budget.

Respectfully submitted,



Andrew LaGala, A.A.E.
Airport Director

cc: Reid Wodicka, Interim City Manager
Kent White, Interim Deputy City Manager
Donna Witt, Director of Financial Services

LYNCHBURG REGIONAL AIRPORT
OPERATING FUND FINANCIAL SUMMARY
September 30, 2020

	FY 2020 Amended Budget	FY 2020 Actual (thru 9/30/20)	FY 2020 % of Budget	*	FY 2021 Amended Budget	FY 2021 Actual (thru 9/30/20)	FY 2021 % of Budget	*	FY 2021 Amended Budget	FY 2021 Projected (as of 9/30/20)	FY 2021 \$ Variance Projected vs. Amended Budget
BEGINNING NET ASSETS	\$ 250,000	\$ 34,170,038		*	\$ 250,000	\$ 34,307,200 (1)		*	\$ 250,000	\$ 34,307,200 (1)	
Less: Invested in Capital Assets, net of related debt		(34,864,543)		*		(34,908,540)		*		(34,908,540)	
BEGINNING UNRESTRICTED NET ASSETS	\$ 250,000	\$ (694,505)		*	\$ 250,000	\$ (601,341)		*	\$ 250,000	\$ (601,341)	\$ -
USE OF ENCUMBRANCES CARRIED FORWARD	\$ 31,927			*	\$ 73,130			*	\$ 73,130	\$ 73,130	
TRANSFER OF RESERVES TO CAPITAL FUND				*				*			
REVENUES				*				*			
Airfield	135,000	20,936	16%	*	135,000	12,302	9%	*	135,000	90,000	(45,000)
Terminal	1,582,783	382,802	24%	*	1,598,083	213,275	13%	*	1,598,083	1,258,083	(340,000)
General Aviation	617,500	153,707	25%	*	601,500	149,184	25%	*	601,500	581,500	(20,000)
Other Leased Property	389,400	85,130	22%	*	394,750	86,129	22%	*	394,750	394,750	0
State Airport Aid	397,500	19,996	5%	*	135,000	13,394	10%	*	135,000	135,000	0
Federal Security Aid	85,000	0	0%	*	85,000	7,440	9%	*	85,000	85,000	0
Federal CARES Grant	700,000	0	0%	*	1,800,000	264,186	15%	*	1,800,000	1,800,000	(0)
Interest & Other	36,000	8,207	23%	*	36,000	9,932	28%	*	36,000	36,000	0
TOTAL REVENUES	\$ 3,943,183	\$ 670,779		*	\$ 4,785,333	\$ 755,842		*	\$ 4,785,333	\$ 4,380,333	\$ (405,000)
EXPENSES				*				*			
Airfield Operations	311,812	53,230	17%	*	315,154	50,910	16%	*	315,154	315,154	0
Terminal Operations	621,862	130,756	21%	*	623,171	134,982	22%	*	623,171	623,171	0
General Aviation	152,517	31,837	21%	*	150,175	22,874	15%	*	150,175	150,175	0
Administration	893,751	224,017	25%	*	898,742	202,583	23%	*	898,742	898,742	0
Safety (ARFF & LEO)	428,647	83,316	19%	*	439,510	95,757	22%	*	439,510	439,510	0
Snow Removal	22,930	125	1%	*	24,030	708	3%	*	24,030	24,030	0
Debt Service	103,205	2,198	2%	*	103,479	2,073	2%	*	103,479	103,479	0
Small Projects & Equipment (State & CARES-Supported)	475,000	47,172	10%	*	2,035,159	115,522	6%	*	2,035,159	635,159	1,400,000
Transfers to Other Airport Funds	500,000	0	0%	*	5,000	0	0%	*	5,000	1,000,000	(995,000)
Other Airport Expenses	103,294	12,102	12%	*	101,694	7,664	8%	*	101,694	101,694	0
TOTAL EXPENSES	\$ 3,613,018	\$ 584,754		*	\$ 4,696,114	\$ 633,073		*	\$ 4,696,114	\$ 4,291,114	\$ 405,000
ENDING UNRESTRICTED NET ASSETS	\$ 612,092	\$ (608,480)		*	\$ 412,349	\$ (478,573)		*	\$ 412,349	\$ (438,993) (2)	

FOOTNOTES:

1) Beginning Net Assets agrees with the Comprehensive Annual Financial Report (CAFR) with the following adjustment:

Total Net Assets per CAFR 6/30/20	\$ 40,245,846
Less: Net Assets in Capital & PFC Funds	\$ (5,938,646)
Total Beginning Net Assets	\$ 34,307,200

FY2021 Financial Summary	
Total Revenues	\$ 4,453,463
Total Expenses	\$ 4,291,114
FY2021 Surplus	\$ 162,349

2) FY 2021 Ending Unrestricted Net Assets is comprised of the following:

Des. for Maintenance (Rental Car Facility)	\$ 82,146	(\$82,146 + or - year=end change)
Reserve for Encumbrances at Year-end	\$ 73,130	(encumbrances carried forward to FY2021)
GASB68 Pension-related Accrual	\$ (1,031,524)	(net liability as of the end of FY2020)
GASB75 Other OPEB Obligations	\$ (1,121,104)	(net liability as of the end of FY2020)
Undesignated Retained Earnings	\$ 1,558,359	
	\$ (438,993)	

November 24, 2020

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

RE: September 30, 2020 Quarterly Financial Report - Lynchburg Regional Juvenile Detention Center

Lynchburg Regional Juvenile Detention Center

The attached Lynchburg Regional Juvenile Detention Center (Detention Center) financial report summarizes the financial activities through September 30, 2020 for FY 2021. The financial spreadsheet provides comparative year-to-date data for the same period of FY 2020.

REVENUES

Charges for Services

Revenue in this category for the first quarter of FY 2021 is \$209,033 or 18.9% of the budget. Utilization of the Detention Center has continued to be down because of the ongoing COVID-19 pandemic, and the Court Service Unit, when possible, using other alternatives such as GPS monitoring instead of placing the juveniles in a secure facility.

Department of Juvenile Justice Block Grant

This revenue category represents allocations from the Virginia Department of Juvenile Justice (DJJ) for operational expenses of the Detention Center. Revenues received from the DJJ through the first quarter of FY 2021 are \$254,272.

Community Placement Program

This revenue category represents allocations from the Virginia Department of Juvenile Justice (DJJ) for operational expenses of the Community Placement Program (CPP). The CPP is a partnership between DJJ and local detention facilities to provide secure, highly structured, disciplined residential services for juvenile offenders committed to the Department of Juvenile Justice. The CPP focuses on skill development and competency in the areas of education, job readiness, life and social skills to ensure seamless transition back into the community. The goal is to place residents in the CPP closest to their home community in order to increase community connections and family visitation.

Revenues received from the DJJ through the first quarter of FY 2021 are \$412,160 or 45.0% of the budget. The second quarter CPP payment was received in September.

United States Department of Agriculture (USDA)

This revenue category consists of reimbursements for meals served to juveniles at the Detention Center. Year-to-date revenues from USDA for FY 2021 are \$3,404. Additional revenue for the first quarter was received in October.

EXPENDITURES

Overall expenditures for the first quarter of FY 2021 were \$628,274 and are within budget. The costs are allocated between the Community Placement Program and the contracting localities.

Juvenile Population

The average number of juveniles being served per day through the first quarter of FY 2021 is 22.94 as compared to 26.45 in FY 2020. The percentage of Lynchburg City's juveniles through the first quarter is 43% of the total juvenile population.

SUMMARY

The Lynchburg Regional Detention Center is an outstanding facility recognized by the juvenile judicial system for providing educational services, mental health services, physical health services, and partnerships with local area businesses.

Respectfully submitted,

Tamara Rosser
Director, Department of Juvenile Services

c: Reid Wodicka, Interim City Manager
Donna Witt, Director, Financial Services
Robin Mamola, Accounting Supervisor, Human Services
Sherry McIntyre, Accountant, Juvenile Services

Lynchburg Regional Juvenile Detention Center
Special Revenue Fund
Financial Summary
First Quarter: As of September 30, 2020

	FY 2020 Amended Budget	FY 2020 Actual 1st QTR YTD	FY 2020 % of Budget	FY 2021 Amended Budget	FY 2021 Actual 1st QTR YTD	FY 2021 % of Budget	FY 2021 Amended Budget	FY 2021 Actual 1st QTR YTD	FY 2021 Actual to Amended
Beginning Funds at July 1		122,328			0			0	
Revenues:									
Charges for Services	1,179,941	246,687 *	20.9%	1,105,125	209,033 **	18.9%	1,105,125	209,033	896,092
Intergovernmental- Department of Juvenile Justice Block Grant	1,000,336	248,886	24.9%	1,000,336	254,272	25.4%	1,000,336	254,272	746,064
Intergovernmental- USDA	45,000	10,254	22.8%	48,000	3,404	7.1%	48,000	3,404	44,596
Community Placement Program (CPP)	937,478	423,118	45.1%	917,600	412,160	44.9%	917,600	412,160	505,440
Miscellaneous and State Ward Per Diem	0	0	0.0%	0	0	0.0%	0	0	0
Budget Designations	125,000	0	0.0%	0	0	0.0%	0	0	0
Total Revenues	3,287,755	928,945	28.3%	3,071,061	878,869	28.6%	3,071,061	878,869	2,192,192.00
Expenditures:									
Salaries	1,707,130	352,596	20.7%	1,598,617	340,746	21.3%	1,598,617	340,746	1,257,871
Employee Benefits	678,471	128,947	19.0%	747,112	135,918	18.2%	747,112	135,918	611,194
Contractual Services	82,819	11,923	14.4%	42,595	2,963	7.0%	42,595	2,963	39,632
Fleet Services	16,958	3,882	22.9%	16,958	3,079	18.2%	16,958	3,079	13,879
Supplies and Materials	208,917	42,020	20.1%	180,877	31,748	17.6%	180,877	31,748	149,129
Utilities	80,750	12,715	15.7%	80,750	12,120	15.0%	80,750	12,120	68,630
Training and Conferences	4,550	175	3.8%	4,550	170	3.7%	4,550	170	4,380
Telephone Services	4,200	586	14.0%	4,993	838	16.8%	4,993	838	4,155
Cable/Satellite TV Service	0	0	0.0%	0	243	0.0%	0	243	(243)
Postage and Mailing	850	110	12.9%	850	117	13.8%	850	117	733
Indirect Costs	246,102	61,526	25.0%	285,626	71,407	25.0%	285,626	71,407	214,219
Self Insurance	16,961	4,240	25.0%	19,402	4,851	25.0%	19,402	4,851	14,551
Dues and Memberships and Miscellaneous	500	150	30.0%	500	390	78.0%	500	390	110
Rentals and Leases	2,718	333	12.3%	2,409	0	0.0%	2,409	0	2,409
Health and Dental Benefits for Retirees	74,580	14,208	19.1%	65,856	14,208	21.6%	65,856	14,208	51,648
Unemployment Compensation	1,000	0	0.0%	0	0	0.0%	0	0	0
Workers Comp Indemnity Pymt	12,161	0	0.0%	5,000	0	0.0%	5,000	0	5,000
Professional Services	5,301	2,540	47.9%	12,558	876	7.0%	12,558	876	11,682
Specific Use Equipment	18,700	0	0.0%	0	8,600	0.0%	0	8,600	(8,600)
Serial Bond Principal	30,555	0	0.0%	8,575	0	0.0%	8,575	0	8,575
Serial Bond Interest	2,771	0	0.0%	2,232	0	0.0%	2,232	0	2,232
Transfer to General Fund for HVAC Replacement	100,000	0	0.0%	0	0	0.0%	0	0	0
Total Expenditures	3,295,994	635,951	19.3%	3,079,460	628,274	20.4%	3,079,460	628,274	2,451,186
TOTAL ASSIGNED FUND BALANCE/Purchase Orders carried forward		415,322			250,595			250,595	

* Amount includes billing for September 2019 (\$81,054) that was not posted until October 2019 and the adjustment for FY 2019 localities true-up (\$48,223)

** Amount includes billing for September 2020 (\$23,798) that was not posted until October 2020 and the adjustment for FY 2020 localities true-up (\$13,663)

November 24, 2020

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

Re: Children's Services Act (CSA) Fund Financial Report for the period ending September 30, 2020.

The attached CSA Fund Financial Summary summarizes the financial activity for this Fund through September 30, 2020. Under the State guidelines, CSA prior year obligations are paid through September 30th of each year. However, the annual budget is prepared on a fiscal year (July-June). Because of the State guidelines, expenditures for this fund are unique due to the overlap of grants each fiscal year.

REVENUES

- Public Assistance – Welfare and Administration

The Public Assistance revenue source is the reimbursement received from the State for local expenses incurred under CSA for providing services to troubled and at-risk youth and their families. The current rate of reimbursement for community-based services is 86.32%, residential services is 65.8%, and for all other services, 72.64%. Funds to assist in administering the grant, (\$35,322) for FY 2021 are provided by the State. Reimbursements for expenditures incurred through the first quarter of 2021 are \$519,471.

- CSA Contribution – General Fund and Schools

These revenue sources are comprised of the required local match for all State funds received for the Children Services Act. Through the first quarter of FY 2021, local matching funds for programs in the amount of \$460,912 from the General Fund and \$49,135 from the Schools have been received.

- Miscellaneous Revenue/Budget Designations

Miscellaneous Special Welfare revenues in the amount of \$11,364 were collected through the first quarter of FY 2021. These revenues are mainly comprised of recoupments from children's social security payments for expenditures incurred on their behalf, and registered billings for CSA parental co-payments.

EXPENSES

- Administrative expenses

CSA Administrative funds are used for salaries, supplies, and materials. Budgeted funds for FY 2021 are \$69,591. Actual YTD administrative expenditures through the first quarter of FY 2021 are \$11,031 or 15.9% of the budget.

- Mandated – Foster Care

Foster care expenses include funds for residential facilities, day care, maintenance payments to foster parents, enhanced maintenance payments to foster parents and foster care prevention services. Year-to-date foster care expenditures through the first quarter of FY 2021 totaled \$554,474 or 20.4% of the total budget. Expenditures in this category have risen due to an increase in the number of children placed in foster care.

- Mandated – Special Education

Special Education expenses include services for Special Education students from the Lynchburg City Schools. Expenditures through the first quarter of FY 2021 total \$97,172, or 4% of the total budget. Expenditures for this budget line will rise due to increased enrollments at private day placements such as Rivermont School, Bridges and New Vistas School, in addition to students attending for longer periods of time.

- Non-Mandated Services

Non-mandated expenditures are for services such as counseling, mentoring, crisis intervention, and foster care prevention services. Non-mandated expenditures through the first quarter of FY 2021 total \$36,217, or 9.6% of the total budget. Non-mandated services are provided almost exclusively to youth involved in the court system. Decreases compared to budget for this category are attributed to the Court Services Unit accessing alternate funding for court-involved youth.

- Community Based Services

This category includes services to children while they are living at home, in the home of an extended family, in a regular foster family home, or in an independent living arrangement. Community services may include assessment, crisis stabilization, therapy, or intervention services provided in the child's home. Community Based Services through the first quarter of FY 2021 total \$97,244, or 25.0% of the total budget. The rise in costs is attributed to more youth accessing Community Based support services in FY 2021.

SUMMARY

The Children's Services Act Fund creates a collaborative system of services and funding that is child-centered, family-focused, and community-based when addressing the strengths and needs of at-risk youths and their families in the City of Lynchburg.

While the number of children currently in foster care fluctuates during the year, more children are now classified as mandated and can access CSA funds due to the severity of their needs. Other factors such as an increased number of children receiving more intensive services for longer periods of time, increased vendor rates, parental agreements, and an increase in special educational services impact this budget.

The Community Policy and Management Team, in collaboration with the professional community, continues to work hard and is diligent and deliberate in efforts to reduce costs associated with CSA. We continue to work with the professional community to provide the most cost effective service to children and their families.

Respectfully submitted,



Tamara T. Rosser

Director of Human Services

C:

Reid Wodicka, Interim City Manager
Ken White, Interim Deputy City Manager
Donna Witt, Director of Financial Services
Rhonda Allbeck, Assistant Director of Financial Services
Robin Mamola, Financial Professional IV
Kathy Collins, Financial Professional III

**Children's Services Act
Special Revenue Fund
Financial Summary
September 30, 2020**

	FY 2020	FY 2020	FY 2020	FY 2021	FY 2021	FY 2021
	Amended Budget	Actual 1 QTR YTD	% of Budget	Amended Budget	Actual 1 QTR YTD	% of Budget
<i>Beginning Fund Balance</i>		593,734		0	207,913	
<i>Revenues:</i>						
Public Assistance - Welfare and Administration	3,910,234	401,580	10.3%	3,910,234	519,471 *	13.3%
Transfer from Lynchburg City Schools	196,541	49,135	25.0%	196,541	49,135	25.0%
Transfer from General Fund	1,843,647	460,912	25.0%	1,843,647	460,912	25.0%
Miscellaneous/Budget Designations/Special Welfare	48,600	2,635	5.4%	48,600	11,364	23.4%
<i>Total Revenues</i>	5,999,022	914,262	15.2%	5,999,022	1,040,882	17.4%
<i>Expenses:</i>						
Administrative Expenses	67,931	12,206	18.0%	69,591	11,031	15.9%
Mandated - Foster Care	2,713,128	255,429	9.4%	2,711,614	554,474	20.4%
Mandated - Special Education	2,452,968	234,177	9.5%	2,452,968	97,172	4.0%
Non-Mandated Services	375,907	45,929	12.2%	375,907	36,217	9.6%
Community Based	389,088	77,349	19.9%	388,942	97,244	25.0%
Miscellaneous/Budget Designations/Transfer to GF	0	0		0	0	
<i>Total Expenditures</i>	5,999,022	625,090	10.4%	5,999,022	796,137	13.3%
<i>ENDING FUND BALANCE</i>	0	882,906		0	452,658	

* July, August, September CSA Reimbursement was received on October 30, 2020. Amount: \$519,471.03

December 8, 2020

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

Re: September 30, 2020 Quarterly Financial Report – Water Operating Fund

The attached Water Operating Fund Financial Summary summarizes the financial activity for this fund through September 30, 2020. This quarterly report provides comparative financial information for the same period of the prior fiscal year. Projected variances between the FY 2021 Budget and the Department's year end projections are described below.

REVENUES

Following the completion of the first quarter, overall revenues for FY 2021 are projected to be below budget by \$213,000 (1.4%). Explanations of this variance follow:

- **Charges for Services:**

Revenue in this category is expected to be \$233,000 (1.8%) below budget. \$100,000 is mostly attributable to lesser than expected water consumption from commercial and industrial customers. \$133,000 loss is related to Governor Northam's current moratorium related to COVID-19 to halt billing of interest and penalties on delinquent accounts.

- **Water Contracts:**

This revenue account reflects billing activity to counties of Amherst, Bedford, and Campbell, and the industries of WestRock and Frito-Lay. Revenue in this category is projected to be at budget.

- **Interest and Other:**

Interest and Other is projected to be \$20,000 (11.9 %) more than budget. \$90,000 is attributable to additional settlements for an antitrust lawsuit settlement for liquid aluminum sulfate price fixing. This is offset by \$70,000 projected decrease in interest earnings due to lower investment returns.

EXPENSES

Overall expenses for FY 2021 are projected to be \$29,000 (0.2%) less than budget. Explanations of this variance follow:

- **Departmental Operation and Maintenance:**

This category includes the Water Treatment Plant, Meter Operations, Water Line Maintenance and Administration. Expenses in this category are expected to be \$110,000 (1%) less than the FY 2021 budget (Water Treatment - \$25,000 savings, Meter Operations - \$15,000 savings, Water Line Maintenance - \$50,000 savings, Administration - \$20,000 savings). This variance is broken down as follows:

➤ Personnel Services and Benefits	\$85,000
➤ Utilities	20,000
➤ Chemicals	<u>5,000</u>
Total	\$110,000

The savings in Personnel Services and Benefits is attributable to past and current unfilled positions. Additional savings to Utilities and Chemicals is projected due to much higher than normal levels of wet weather during the first five months of FY 2021.

- **Non-Departmental Operation and Maintenance:**

Non-Departmental Operation and Maintenance expenses are projected to be \$120,000 (44.6%) over budget due to the increased Allowance for Uncollectible Accounts expenses related to COVID-19 impacts.

- **Capital Outlay**

Purchases in Capital Outlay are expected to be at budget.

- **Transfers to Capital**

Transfers to Capital are expected to be at budget.

- **Debt Service:**

Expenditures in debt service are projected to be \$39,000 (1.1%) less than budget due to the refinancing of the 2010 and 2015 bond issues.

SUMMARY

The first quarter report reflects a stable FY 2021 financial position for this fund. Under the Council adopted financial policies, two important financial ratios, debt coverage and fund balance are above policy targets. The projected debt coverage ratio for end of the fiscal year is 1.22 which is above Council's financial policy minimum target of 1.20. The fund balance ratio projected for the end of the fiscal year is 56% compared to target range of 25% - 40%.

Respectfully submitted,

Timothy A. Mitchell, P.E.
Director of Water Resources

cc: Reid Wodicka, Interim City Manager
Kent White, Interim Deputy City Manager
Donna Witt, Director of Financial Services

WATER OPERATING FUND
FINANCIAL SUMMARY
Quarter Ending September 30, 2020

	FY 2020 Adopted Budget	FY 2020 Actual Q1 YTD	FY 2020 % of Budget	FY 2021 Adopted Budget	FY 2021 Actual Q1 YTD	FY 2021 % of Budget	FY 2021 Adopted Budget	FY 2021 Projected Q1 YTD	FY 2021 \$ Variance Adopted Budget vs. Projected
REVENUES:									
Charges for Services	\$13,202,040	\$2,772,931	21%	\$13,274,755	\$2,743,148	21%	\$13,274,755	\$13,041,755	(\$233,000)
Water Contracts	2,067,484	394,657	19%	2,122,368	445,788	21%	2,122,368	2,122,368	-
Interest and Other	334,496	479,602	143%	168,600	141,366	84%	168,600	188,600	20,000
	\$15,604,020	\$3,647,190		\$15,565,723	\$3,330,302		\$15,565,723	\$15,352,723	(\$213,000)
EXPENSES									
Departmental O&M	\$10,706,269	\$2,139,921	20%	\$10,896,528	\$2,024,645	19%	\$10,896,528	\$10,786,528	\$110,000
Non-Departmental O&M	261,341	47,605	18%	268,940	34,222	13%	268,940	388,940	(120,000)
Capital Outlay/Purchases	133,500	9,299	7%	76,000	-	0%	76,000	76,000	-
Transfers to Capital	3,800,000	950,000	25%	3,500,000	875,000	25%	3,500,000	3,500,000	-
Debt Service	3,870,240	1,096,868	28%	3,526,688	1,123,155	32%	3,526,688	3,487,688	39,000
	\$18,771,350	\$4,243,693		\$18,268,156	\$4,057,021		\$18,268,156	\$18,239,156	\$29,000
Adjustment for Expenses from Capital Projects		\$0			\$0			\$0	

KEY RATIOS:

Unrestricted cash target range as a % of operating expenses & debt service:	25% - 40%
Unrestricted cash as a % of operating expenses & debt service:	56%
Financial Policy targeted debt coverage ratio minimum:	1.20
Ending debt coverage ratio:	1.22 (a)

Note (a) Calculation of debt coverage includes \$87,550 of estimated capitalizable costs for internal labor charges applicable to time spent on capital project activities.

December 8, 2020

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

Re: September 30, 2020 Quarterly Financial Report – Sewer Operating Fund

The attached Sewer Operating Fund Financial Summary summarizes the financial activity for this fund through September 30, 2020. This quarterly report provides comparative financial information for the same period of the prior fiscal year. Projected variances between the FY 2021 Budget and the Department's year end projections are described below.

REVENUES

Following the completion of the first quarter, overall revenues for FY 2021 are projected to be \$142,000 (.6%) lower than budget. Explanations of this variance follow:

- **Charges for Services:**

Revenue in this category is expected to be \$22,000 (1.1%) under budget. This projection is derived mostly from a combination of the following: 1) Higher than expected Septic Hauler Charges of \$250,000 primarily attributable to a customer bringing in leachate from Maplewood Landfill in Amelia County. 2) Decreased Sewer Sales – Inside City of \$190,000 attributable to declined water consumption by commercial and industrial customers. 3) Loss of \$92,000 based on Governor Northam's current moratorium related to COVID-19 to halt billing of interest and penalties on delinquent accounts.

- **Sewer Contracts:**

Revenue in this category reflects billing activity in counties of Amherst, Bedford, and Campbell and industries of WestRock and Frito-Lay. Revenue in this category is projected to be at budget.

- **Interest and Other:**

Revenue in this category is expected to be \$120,000 (57.3%) lower than budget. This is directly related to decreased interest earnings from lower investment returns.

EXPENSES

Overall expenses for FY 2021 are projected to be \$5,700 (.0%) less than budget. Explanations of this variance follow:

- **Departmental Operation and Maintenance:**

This category includes the Wastewater Treatment Plant and Sewer Line Maintenance. Expenses in this category are expected to be \$45,000 (.4%) under budget (Wastewater Treatment Plant - \$45,000 savings and Sewer Line Maintenance - \$0 savings). This variance is broken down as follows:

➤ Personnel Services and Benefits	\$90,000
➤ Chemicals	<u>(45,000)</u>
Total	\$45,000

The savings in Personnel Services and Benefits is related to past and current unfilled positions. The increased cost in chemicals is associated with by-pass pumping used in the construction of the Wastewater Treatment Plant Combined Sewer Overflow (CSO) Upgrade Project.

Non-Departmental Operation and Maintenance:

Non-Departmental Operation and Maintenance expenses are expected to be \$80,000 (23.8%) over budget due to the increased Allowance for Uncollectible Accounts expenses related to COVID-19 impacts.

- **Capital Outlay:**

Purchases in Capital Outlay are expected to be within budget.

- **Transfers to Capital:**

Transfers to Capital are expected to be at budget.

- **Debt Service:**

Expenditures in debt service are projected to be \$40,700 (.5%) less than budget due to refinancing of 2010 and 2015 bond issues.

SUMMARY

This first quarter report reflects a stable FY 2021 financial position for this fund. The Council adopted financial policies for debt coverage requires a target range of 1.20 to 1.50 and fund balance ratio range of 25% - 40%. The projected debt coverage ratio is projected to be 1.19. The fund balance ratio is projected for the end of the fiscal year is 42%. .

Respectfully submitted,

Timothy A. Mitchell, P.E.
Director of Water Resources

cc: Reid Wodicka, Interim City Manager
Kent White, Interim Deputy City Manager
Donna Witt, Director of Financial Services

SEWER OPERATING FUND
FINANCIAL SUMMARY
Quarter Ending September 30, 2020

	FY 2020 Adopted Budget	FY 2020 Actual Q1 YTD	FY 2020 % of Budget	FY 2021 Adopted Budget	FY 2021 Actual Q1 YTD	FY 2021 % of Budget	FY 2021 Adopted Budget	FY 2021 Projection	FY 2021 \$ Variance Adopted Budget vs. Projection
REVENUES:									
Charges for Services	\$18,585,064	\$3,765,915	20%	\$19,519,256	\$3,830,444	20%	\$19,519,256	\$19,497,256	(\$22,000)
Sewer Contracts	4,400,670	726,950	17%	3,683,367	769,744	21%	3,683,367	3,683,367	-
Interest and Other	209,460	135,348	65%	209,500	40,759	19%	209,500	89,500	(120,000)
	\$23,195,194	\$4,628,213		\$23,412,123	\$4,640,947		\$23,412,123	\$23,270,123	(\$142,000)
EXPENSES:									
Departmental O&M	\$12,382,634	\$2,397,139	19%	\$12,870,111	2,690,393	21%	\$12,870,111	12,825,111	\$45,000
Non-Departmental O&M	245,861	48,304	20%	335,716	41,092	12%	335,716	415,716	(80,000)
Capital Outlay/Purchases	545,000	109,808	20%	450,000	-	0%	450,000	450,000	-
Transfers to Capital	2,500,000	625,000	25%	2,000,000	500,000	25%	2,000,000	2,000,000	-
Debt service	8,355,088	1,162,137	14%	8,556,457	1,351,480	16%	8,556,457	8,515,757	40,700
	\$24,028,583	\$4,342,388		\$24,212,284	\$4,582,965		\$24,212,284	\$24,206,584	\$5,700
Adjustment for Expenses from Capital Projects		\$0			\$0			\$0	

KEY RATIOS:

Unrestricted cash target range as a % of operating expenses & debt service: 25% - 40%

Unrestricted cash as a % of operating expenses & debt service: 42%

Financial Policy targeted debt coverage ratio minimum: 1.20

Ending debt coverage ratio: 1.19 (a)

Note (a) Calculation of debt coverage includes estimated \$109,000 of capitalizable costs for internal labor charges applicable to time spent on capital project activities.

December 8, 2020

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

Re: September 30, 2020 Quarterly Financial Report – Stormwater Operating Fund

The attached Stormwater Operating Fund Financial Summary summarizes the financial activity for this fund through September 30, 2020. This quarterly report provides comparative financial information for the same period of the prior fiscal year. Projected variances between the FY 2021 Budget and the Department's year end projections are described below.

REVENUES

Following the completion of the first quarter, the overall revenues for FY 2021 are projected to exceed budget by \$17,600 (.5%). Explanations of this variance follow:

- **Charges for Services:**

Revenue in this category reflects billing activity for all known impervious areas, Virginia Stormwater Management Program (VSMP) permits and delinquent charges on past due accounts. Charges for services are projected to exceed budget by \$36,000 (1.1%). Allowed refunds to property owners were \$50,000 less than estimated. Calculated refunds were based on recent measurements of impervious areas using updated technology and current ownership of property as of June 30, 2020. This revenue increase is offset by \$14,000 based on Governor Northam's current moratorium related to COVID-19 to halt billing of interest and penalties on delinquent accounts.

- **Interest and Other:**

Interest and Other is expected to be at \$18,400 (63.7%) less than budget due to lower than anticipated interest earnings.

- **Transfers from Other Funds:**

Transfers from General Fund are expected to be at budget.

EXPENSES

Overall expenses for FY 2020 are expected to be \$7,000 (.2%) over budget. Explanations of this variance follow:

- **Departmental Operation and Maintenance:**

Departmental Operation and Maintenance are expected to be less than budget by \$48,000 (1.5%). This variance is broken down as follows:

➤ Personnel Services and Benefits	<u>\$48,000</u>
Total	\$48,000

The savings in Personnel Services and Benefits is attributable to past and current unfilled positions.

Non-Departmental Operation and Maintenance:

Non-Departmental Operation and Maintenance expenses are projected to be \$15,000 (75.9%) over budget due to the increased Allowance for Uncollectible Accounts expenses related to COVID-19 impacts.

- **Capital Outlay:**

Purchases in Capital Outlay are expected to exceed budget by \$40,000 (100%) due to a budgeted vehicle purchase in FY 2020 that did not arrive until October, 2020.

- **Transfers to Capital:**

Transfers to Capital are expected to be at budget.

- **Debt Service:**

Debt Service expenditures are expected to be at budget.

SUMMARY

The first quarter report reflects a stable FY 2021 financial position for this fund. Under the Council adopted financial policies, two important financial ratios, debt coverage and fund balance are above policy targets. The projected debt coverage ratio for end of the fiscal year is 1.52 which is above Council's financial policy minimum target of 1.20. The fund balance ratio projected for the end of the fiscal year is 24% compared to target range of 15%- 20%.

Respectfully submitted,

Timothy A. Mitchell, P.E.
Director of Water Resources

cc: Reid Wodicka, Interim City Manager
Kent White, Interim Deputy City Manager
Donna Witt, Director of Financial Services

STORMWATER OPERATING FUND
FINANCIAL SUMMARY
Quarter Ending September 30, 2020

	FY 2020 Adopted Budget	FY 2020 Actual Q1YTD	FY 2020 % of Budget	FY 2021 Adopted Budget	FY 2021 Actual Q1YTD	FY 2021 Revised Estimate	FY 2021 % of Budget	FY 2021 \$ Variance Adopted Budget vs. Actual
REVENUES:								
Charges for Services	\$3,209,536	\$583,651	18%	\$3,155,200	\$630,433	\$3,191,200	20%	\$36,000
Interest and Other	15,000	13,719	91%	28,900	2,777	10,500	10%	(18,400)
Transfers from Other Funds	275,000	68,750	25%	275,000	68,750	275,000	25%	-
	\$3,499,536	\$666,120		\$3,459,100	\$701,960	\$3,476,700		\$17,600
EXPENSES:								
Departmental O&M	\$3,069,006	\$601,778	20%	\$3,286,245	\$604,398	\$3,238,245	18%	\$48,000
Non-Departmental O&M	34,368	6,774	20%	19,760	2,336	34,760	12%	(15,000)
Capital Outlay/Purchases	35,000	-	0%	40,000	0	80,000	0%	(40,000)
Transfers to Capital	300,000	75,000	25%	500,000	125,000	500,000	25%	-
Debt Service	107,675	27	0%	158,428	73,423	158,428	46%	-
	\$3,546,049	\$683,579		\$4,004,433	\$805,157	\$4,011,433		(\$7,000)

Adjustment for Expenses from Capital Projects **\$0** **\$0**

KEY RATIOS:

Unrestricted cash target range as a % of operating expenses & debt service 15% - 20%
Projected unrestricted cash as a % of operating expenses at year end 24%

Financial Policy targeted debt coverage ratio minimum: 1.20
Ending debt coverage ratio: 1.52 (a)

Note (a) Calculation of debt coverage includes estimated \$37,000 of capitalizable costs for internal labor charges applicable to time spent on capital project activities.

December 8, 2020

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

Re: September 30, 2020 Quarterly Report - General Fund

Attached is the Financial Summary for the General Fund (Fund) for the period ending September 30, 2020.

This quarterly report provides comparative information for the same period of the prior fiscal year and an annualized projection through the end of the current fiscal year.

NON-DEDICATED REVENUES

- Real Estate Taxes:

Real Estate taxes are due in four quarterly installments on November 15, January 15, March 15, and May 15. As of the date of this report, the first installment for FY 2021 has not been billed. Economic Development tax incentive payments totaling \$28,227, which is 87.7% of the adopted budget, have been paid.

- Personal Property Taxes:

Personal Property tax revenue collected in the first quarter is \$2,275,265, which is \$111,114 more than the amount collected in the first quarter of FY 2020. Economic Development tax incentives totaling \$19,700, which is 95.0% of the adopted budget, have been paid. Personal property taxes are payable in two equal installments on June 5 and December 5. Additional billings for personal property acquisitions are due March 5 and September 5.

In 1998, the Virginia General Assembly enacted the Personal Property Tax Relief Act (PPTRA) to reimburse citizens for a portion of the local personal property tax. In the 2004 Virginia General Assembly, the State capped the amount reimbursed to localities, which equates to \$950 million for FY 2021. This action eliminates the 70% reimbursement. Lynchburg's share is \$5,543,584. During the first quarter of FY 2021, the State reimbursed the City \$277,179 (5%), as scheduled. Future payments have been scheduled for November 2020 (75%), February 2021 (15%), and May 2021 (5%).

- Consumer Utility Taxes - Electric:

Consumer Utility Tax – Electric revenue of \$661,691 is on pace with the FY 2021 budget projection based on collections for 2 months. Staff is monitoring this revenue and providing the Finance Committee with monthly updates.

- Communication Sales and Use Taxes:

Communication Sales and Use tax revenue of \$218,765 is slightly behind the FY 2020 first quarter collection amount by \$22,873.

- Local Sales Tax:

Sales tax revenue of \$1,503,837 is ahead of FY 2021 budget projections by 34.4%, or \$384,507, based on collections for 1 month. Economic Development tax incentives totaling \$77,448, which is 98.5% of the adopted budget, have been paid.

- Business License

Business License revenue collected for the first quarter of FY 2021 is \$102,171. This amount is higher than normal for the period since the normal due date was pushed back due to the Covid-19 pandemic. Since this tax is due May 1, the collection percentage is currently only a small part of the annual budget. The majority of the tax will be collected from March to May. Economic Development tax incentives totaling \$22,778, which is 100.0% of the adopted budget, have been paid.

- Meals Tax

Meals tax revenue of \$2,282,808 is slightly ahead of FY 2021 budget projections by \$230,724, based on collections for 2 months. Staff is monitoring this revenue and providing the Finance Committee with monthly updates. Economic Development tax incentives totaling \$255,962, which is 98.8% of the adopted budget, have been paid.

- Lodging Tax

Lodging tax revenue of \$369,148 is slightly ahead of FY 2021 budget projections by \$44,239, based on collections for 2 months. Staff is monitoring this revenue and providing the Finance Committee with monthly updates. Economic Development tax incentives totaling \$268,203, which is 99.9% of the adopted budget, have been paid.

- Permit, Fees, and Licenses:

Permit, Fees, and Licenses revenue of \$218,235 is slightly behind FY 2021 budget projections by 20.2%, or \$55,253.

- Fines and Forfeitures:

Fines and Forfeitures revenue of \$24,140 is behind the budget projection for FY 2021 by 65.6%, or \$45,860 due primarily to the timing in receiving court fines, as well as parking fines. Staff will continue to keep a close watch on this revenue to see if an adjustment in projected revenue is necessary.

- Interest on Investments:

Investment income of \$157,312 is behind projections for FY 2021 by 49.0%, or \$151,680.

- Charges for Services

Charges for Services revenue of \$2,191,105 is behind budget projections for FY 2021 by 21.3%, or \$596,241.

DEDICATED REVENUES

Intergovernmental Revenues (consisting of Constitutional Officers, Health and Human Services, and State & Federal subsidies) of \$6,637,270 are 31.4%, or \$3,043,080 less than FY 2021 budget projection. This is due to the timing of submitting and receiving reimbursements for constitutional offices.

EXPENDITURES

- Operating Expenditures:

The percentage of operating expenditures spent through the first quarter of FY 2021, 23.3%, is on target with budget projections.

- Debt Service

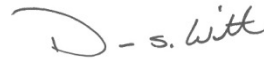
Debt Service expenditures are on pace with FY 2021 budget projections.

Finance Committee
Lynchburg City Council
December 8, 2020
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SUMMARY

This report represents three months of fiscal activity. As the year progresses, revised estimates for revenues and expenditures will be presented to reflect the impact of changes.

Respectfully submitted,

A handwritten signature in cursive script that reads "D. S. Witt".

Donna S. Witt
Chief Financial Officer

cc: Reid Wodicka, Interim City Manager
Kent White, Interim Deputy City Manager
Rhonda Allbeck, Assistant Director of Financial Services

Fiscal Year	Fiscal Calendar 2021
Fiscal Quarter of Year	Fiscal Q 1
Fiscal Month of Year	(Multiple Items)
Fund	1001 General Fund
Account Type	Revenue
Process Status	Posted

Revenues	Adopted Budget	Budget Amendment	Amended Budget	Actual Amount 9/30/20	Remaining Budget w/o Encumbrances	Percentage of Amended Budget	Actual Amount 9/30/19
100 Taxes							
02110.0100 - Current Real Property Tax	59,632,876	-	59,632,876	2,762,968	56,869,908	4.6%	2,130,571
02110.0105 - Tax Relief For Elderly	(610,000)	-	(610,000)	(450,899)	(159,101)	73.9%	(507,254)
02110.0110 - Tax Relief-Rehabilitation Real Property	(1,065,880)	-	(1,065,880)	(1,251,114)	185,234	117.4%	(975,059)
02110.0200 - Delinquent Real Property Tax	700,000	-	700,000	219,550	480,450	31.4%	197,544
02110.0900 - Real Estate Tax- Economic Development Incentive	(32,200)	-	(32,200)	(28,227)	(3,973)	87.7%	(11,589)
02120.0100 - Current PSC Tax	2,596,128	-	2,596,128	1,592	2,594,536	0.1%	-
02130.0101 - Current Personal Property Tax PCI	17,985,749	-	17,985,749	2,275,265	15,710,484	12.7%	2,164,151
02130.0201 - Delinquent Personal Property Tax PCI	1,260,000	-	1,260,000	89,640	1,170,360	7.1%	194,855
02130.0205 - Recovery-C/O Personal Property Tax	-	-	-	-	-	0.0%	9
02130.0900 - Personal Property Tax- Economic Development Incentive	(20,739)	-	(20,739)	(19,700)	(1,039)	95.0%	(19,600)
02170.0100 - Penalty-PSC Tax	-	-	-	(1,592)	1,592	0.0%	-
02170.0105 - Penalty-Delinquent Tax	666,958	-	666,958	160,108	506,850	24.0%	145,353
02170.0205 - Interest-Delinquent Tax	369,812	-	369,812	67,677	302,135	18.3%	65,580
02510.0000 - Local Sales And Use Tax	15,454,579	-	15,454,579	1,503,837	13,950,742	9.7%	1,306,000
02510.0900 - Local Sales & Use Tax- Economic Development Incentive	(78,635)	-	(78,635)	(77,448)	(1,187)	98.5%	(74,256)
02515.0100 - Consumer Utility Tax-Electric	3,800,000	-	3,800,000	661,691	3,138,309	17.4%	659,043
02515.0105 - Consumer Utility Tax-Gas	647,354	-	647,354	52,580	594,774	8.1%	51,335
02515.0120 - Right of Way Fees	174,426	-	174,426	24,651	149,775	14.1%	3,589
02515.0900 - Pen & Int - Consumer Utility Tax, None	-	-	-	-	-	0.0%	53
02517.0000 - Communication Sales & Use Tax	2,500,000	-	2,500,000	218,765	2,281,235	8.8%	241,638
02520.0000 - Business License Tax	8,207,121	-	8,207,121	102,171	8,104,950	1.2%	38,917
02520.0010 - Consumption Tax-Electric	320,779	-	320,779	55,512	265,267	17.3%	54,632
02520.0015 - Consumption Tax-Gas	30,819	-	30,819	2,715	28,104	8.8%	2,388
02520.0030 - Pen & Int-Business License	96,072	-	96,072	32,353	63,719	33.7%	27,864
02520.0900 - Business License Tax- Economic Development Incentive	(22,778)	-	(22,778)	(22,778)	-	100.0%	(21,729)
02530.0001 - Motor Vehicle Licenses PCI	1,605,000	-	1,605,000	76,647	1,528,353	4.8%	79,769
02530.0201 - Delinquent Motor Vehicle License	190,000	-	190,000	11,556	178,444	6.1%	11,835
02535.0000 - Bank Stock Tax	750,000	-	750,000	-	750,000	0.0%	-
02540.0100 - Recordation Tax-City	650,000	-	650,000	73,044	576,956	11.2%	45,037
02540.0200 - Probate Tax	21,027	-	21,027	4,829	16,198	23.0%	6,456
02545.0000 - Tobacco Tax	825,000	-	825,000	199,738	625,262	24.2%	208,690
02550.0000 - Amusement Tax	795,190	-	795,190	33,219	761,971	4.2%	147,120
02550.0005 - Pen & Int - Amusement Tax	-	-	-	243	(243)	0.0%	2,740
02555.0000 - Lodging Tax	2,725,636	-	2,725,636	369,148	2,356,488	13.5%	595,356
02555.0005 - Pen & Int - Lodging Tax	-	-	-	1,589	(1,589)	0.0%	1,712
02555.0900 - Lodging Tax- Economic Development Incentive	(268,418)	-	(268,418)	(268,203)	(215)	99.9%	(245,946)
02560.0000 - Meals Tax	14,932,599	-	14,932,599	2,276,692	12,655,907	15.2%	2,494,713
02560.0005 - Pen & Int - Meals Tax	49,793	-	49,793	15,488	34,305	31.1%	14,068
02560.0900 - Meals Tax- Economic Development Incentive	(259,134)	-	(259,134)	(255,962)	(3,172)	98.8%	(250,085)
100 Taxes Total	134,629,134	-	134,629,134	8,917,347	125,711,787	6.6%	8,785,499
110 Permits, Fees, & Licenses							
03005.0000 - Animal Licenses	8,000	-	8,000	455	7,545	5.7%	1,446
03010.0100 - Bicycle Licenses, None	-	-	-	-	-	0.0%	-
03010.0200 - Permit Parking Fees	195,000	-	195,000	46,415	148,586	23.8%	44,990
03010.0400 - Land Disturbing Fees	18,000	-	18,000	5,410	12,590	30.1%	7,146
03010.0600 - Transfer Fees	1,600	-	1,600	650	950	40.6%	626
03010.0700 - Zoning Appeal Fees-Inspc	1,000	-	1,000	400	600	40.0%	200
03010.0701 - Letter of Approval-Zoning, None	3,000	-	3,000	-	3,000	0.0%	-
03010.0702 - Zoning Certification Letter	-	-	-	700	(700)	0.0%	600
03010.0705 - Legal Notice Advertising	12,000	-	12,000	2,026	9,974	16.9%	8,538
03010.0710 - Site Plan Reviews	15,000	-	15,000	1,858	13,142	12.4%	4,255
03010.0715 - Conditional Use Permits	4,000	-	4,000	60	3,940	1.5%	471
03010.0720 - Re-zoning Fees	8,700	-	8,700	2,673	6,027	30.7%	2,290
03010.0800 - Subdivision Plat Review	10,000	-	10,000	3,090	6,910	30.9%	2,985
03010.0900 - Building Insp Permit Fee	500,600	-	500,600	85,787	414,813	17.1%	164,072
03010.0901 - Elevator Inspc Admin Fee	21,000	-	21,000	9,031	11,969	43.0%	8,615
03010.0902 - Elevator Admin Fee Pen & Int	-	-	-	287	(287)	0.0%	10
03010.0920 - Sign Inspc Permit Fee	6,000	-	6,000	1,375	4,625	22.9%	1,077
03010.0925 - Demolition Fees	8,000	-	8,000	250	7,750	3.1%	1,050
03010.0927 - Building Plan Review	44,000	-	44,000	7,052	36,948	16.0%	12,315
03010.0928 - Vacant Building Registration Fee	35,000	-	35,000	15,278	19,722	43.7%	12,424
03010.0929 - Pen & Int-Vacant Building Registration Fee	-	-	-	720	(720)	0.0%	267
03010.0930 - Certificate of Occupancy for Existing Building	-	-	-	975	(975)	0.0%	900
03010.0931 - Temporary Certificate of Occupancy, None	-	-	-	4,050	(4,050)	0.0%	1,650
03010.0932 - Working Without a Building Permit	-	-	-	-	-	0.0%	500
03010.0933 - Short Term Rental Fee, None	24,450	-	24,450	-	24,450	0.0%	-
03010.0934 - Vacant Property Registration- Civil Penalties, None	-	-	-	4,909	(4,909)	0.0%	-
03010.1000 - False Alarm Service Assessment	118,500	-	118,500	4,639	113,861	3.9%	3,650
03010.1100 - Concealed Weapon Permit	30,000	-	30,000	16,193	13,807	54.0%	5,885
03010.2005 - Taxicab Application Fees	4,500	-	4,500	300	4,200	6.7%	950
03010.2010 - Precious Metal Permits	1,600	-	1,600	-	1,600	0.0%	-
03010.2011 - Rental Reinspect/FollowUp	-	-	-	-	-	0.0%	850
03010.2012 - Rental Intial Inspection	-	-	-	200	(200)	0.0%	3,600
03010.2013 - Annual/Periodic Inspc Fee	22,000	-	22,000	-	22,000	0.0%	1,450
03010.2014 - Rental Intial Inspc-No Show	-	-	-	-	-	0.0%	510
03010.2016 - Rental Inspc-Annual No Show	-	-	-	-	-	0.0%	350
03010.2027 - Right of Way Permit Fees, None	-	-	-	(100)	100	0.0%	-
03010.2028 - Dumpster Permit Fee , None	-	-	-	150	(150)	0.0%	100
03010.2029 - Dumpster Permit Fee- 30 Day Extension, None	-	-	-	500	(500)	0.0%	300
03010.2050 - Misc Permit Fee & License	2,000	-	2,000	2,903	(903)	145.2%	4,385
110 Permits, Fees, & Licenses Total	1,093,950	-	1,093,950	218,235	875,715	19.9%	298,458
120 Fines & Forfeitures							
03510.0100 - Court Fines And Forfeitures, None	187,500	-	187,500	12,655	174,845	6.7%	37,386
03510.0105 - Criminal Court Fees	2,500	-	2,500	204	2,296	8.2%	252
03510.0200 - Parking Fines	90,000	-	90,000	11,280	78,720	12.5%	13,549
120 Fines & Forfeitures Total	280,000	-	280,000	24,140	255,860	8.6%	51,188
130 Use of Money & Property							
04010.0100 - Interest on Investment	572,499	-	572,499	77,807	494,692	13.6%	193,427

Revenues	Adopted Budget	Budget Amendment	Amended Budget	Actual Amount 9/30/20	Remaining Budget w/o Encumbrances	Percentage of Amended Budget	Actual Amount 9/30/19
04010.0101 - Interest-City Capital	150,000	-	150,000	36,544	113,456	24.4%	66,616
04010.0123 - Interest-Health Ins Resrv	17,000	-	17,000	2,175	14,825	12.8%	5,625
04010.0124 - Interest-OPEB	20,000	-	20,000	2,656	17,344	13.3%	47,919
04010.0129 - Interest Income- US Bank Escrow (Crossover Refunding)	-	-	-	-	-	0.0%	4,524
04010.0156 - Interst-MktValueGain/Loss	-	-	-	(61,920)	61,920	0.0%	(34,355)
04010.0157 - Interest-SNAP Income	50,000	-	50,000	22,243	27,757	44.5%	10,069
04020.0105 - Gen Govt Property Rental	75,000	-	75,000	19,827	55,173	26.4%	15,147
04020.0115 - Public Safety Prop Rent	36,250	-	36,250	-	36,250	0.0%	-
04020.0125 - Human Services Prop Rent	100,000	-	100,000	25,000	75,000	25.0%	25,000
04020.0135 - Dwtwn Parking Deck Lease	90,000	-	90,000	13,800	76,200	15.3%	20,762
04020.0200 - Culture & Rec. Prop Rent	15,070	-	15,070	8,385	6,685	55.6%	3,768
04020.0201 - Prop Rental-Stadium	3,500	-	3,500	205	3,295	5.9%	1,188
04020.0202 - Prop Rental-Market/Park.	106,000	-	106,000	10,196	95,804	9.6%	34,686
04020.0205 - Market Rent- Pen & Int	650	-	650	395	255	60.8%	97
130 Use of Money & Property Total	1,235,969	-	1,235,969	157,312	1,078,657	12.7%	394,471
140 Charges for Services							
04510.0900 - Collection & Tax Lien Fees	35,000	-	35,000	8,211	26,789	23.5%	9,872
04510.0901 - DMV Admin Fee	278,000	-	278,000	92,656	185,344	33.3%	86,243
04510.0902 - DMV Select Agency	35,000	-	35,000	-	35,000	0.0%	12,423
04510.0911 - Sale of GIS Maps & Data	-	-	-	-	-	0.0%	16
04510.0915 - Processng Fee - Payroll deduction	5,000	-	5,000	1,135	3,865	22.7%	1,390
04510.0916 - Indirect Cost&Svc DetHome	285,626	-	285,626	71,407	214,220	25.0%	61,526
04510.0918 - Indirect Cost&Svc Water	1,088,944	-	1,088,944	272,239	816,705	25.0%	277,179
04510.0919 - Indirect Cost&Svc Sewer	290,677	-	290,677	72,670	218,007	25.0%	68,369
04510.0920 - Indirect Cost&Svc WWTP	689,142	-	689,142	172,286	516,857	25.0%	148,227
04510.0921 - Indirect Cost&Svc Airprt	171,801	-	171,801	42,950	128,851	25.0%	40,646
04510.0922 - Indirect Cost&Svc Strmwtr	318,073	-	318,073	79,519	238,554	25.0%	70,324
04515.0101 - Document Reprod Costs	7,000	-	7,000	1,628	5,372	23.3%	1,635
04515.0200 - Court Room Sheriff Fee, None	60,000	-	60,000	12,869	47,131	21.4%	12,993
04515.0300 - Fees For Court Officers	7,244	-	7,244	7,244	(0)	100.0%	7,244
04515.0301 - Legal Service Charges	40,000	-	40,000	40,000	-	100.0%	-
04515.0303 - Probation Supervisor Fee	13,789	-	13,789	1,716	12,073	12.4%	1,629
04515.0304 - Jail Fee, None	14,624	-	14,624	300	14,324	2.1%	-
04515.0305 - E-Summons Fee, None	5,300	-	5,300	2,929	2,371	55.3%	-
04515.0400 - Commonwealth Atty.Fees	7,000	-	7,000	971	6,029	13.9%	1,389
04515.0401 - CA Coll Fees- Gen Dist Ct	28,293	-	28,293	7,017	21,276	24.8%	5,270
04515.0402 - CA Coll Fees- J&D Court	5,170	-	5,170	785	4,385	15.2%	640
04515.0403 - CA Coll Fees- Circuit Crt	30,866	-	30,866	5,942	24,924	19.3%	11,155
04520.0300 - Fire Prevention Fees	3,100	-	3,100	600	2,500	19.4%	1,450
04520.0301 - Ambulance Service Fees	2,500,000	-	2,500,000	689,323	1,810,677	27.6%	511,339
04520.0304 - Delinq Ambulance>120 Days	175,000	-	175,000	64,092	110,908	36.6%	46,554
04520.0901 - PIER Contract Payments	26,500	-	26,500	26,500	-	100.0%	26,500
04520.0903 - Police-Schools Resource Officer (SRO) Prog	140,000	-	140,000	-	140,000	0.0%	-
04520.0904 - Local Reimb-COL Confined Space	50,000	-	50,000	12,500	37,500	25.0%	12,500
04520.0905 - Police Report Sales	3,000	-	3,000	360	2,640	12.0%	730
04520.0906 - Range Use Fee	13,800	-	13,800	12,000	1,800	87.0%	12,000
04520.0908 - DUI Fees, None	-	-	-	1,613	(1,613)	0.0%	1,781
04520.0909 - LPD Off Duty	1,026,182	-	1,026,182	181,493	844,690	17.7%	220,403
04525.0103 - Curb & Gutter Charges, None	-	-	-	2,525	(2,525)	0.0%	-
04525.0106 - Downtown Parking Fees	35,000	-	35,000	5,813	29,187	16.6%	3,033
04525.0107 - PW Admin Stormwater Charges	101,356	-	101,356	-	101,356	0.0%	4,053
04525.0108 - PW Eng Stormwater Charges	10,500	-	10,500	-	10,500	0.0%	2,880
04525.0109 - PW Streets Stormwater Charges	147,035	-	147,035	-	147,035	0.0%	-
04525.0206 - Residential Disposal-Decals	1,388,980	-	1,388,980	935	1,388,045	0.1%	831,426
04525.0218 - Trash Bag Svc-Waste Zero	278,240	-	278,240	29,144	249,096	10.5%	19,800
04525.0219 - Landlord Set Out Program , None	-	-	-	-	-	0.0%	-
04525.0300 - Bldg Maint Charge-Other	10,142	-	10,142	5,071	5,071	50.0%	2,536
04530.0401 - CSA Service Providers	-	-	-	-	-	0.0%	-
04530.0409 - Human Services Court Order Fees	-	-	-	627	(627)	0.0%	273
04530.0410 - Lynchburg Youth Group Home Charges	650,000	-	650,000	42,075	607,925	6.5%	68,968
04530.0412 - Horizon Contribution for Outstationed Benefit Workers, None	17,500	-	17,500	-	17,500	0.0%	-
04535.0100 - Swimming Pool Fees	11,300	-	11,300	-	11,300	0.0%	18,192
04535.0150 - Recreation Program Fees	424,000	-	424,000	56,799	367,201	13.4%	110,881
04535.0200 - Point of Honor Admission Fees	10,000	-	10,000	-	10,000	0.0%	5,319
04535.0300 - Library Fines & Fees	40,000	-	40,000	136	39,864	0.3%	9,478
04535.0301 - Law Library Fees	30,000	-	30,000	6,168	23,832	20.6%	9,396
04535.0303 - Lost/Damaged Library Prop	4,000	-	4,000	137	3,863	3.4%	971
04535.0304 - Delinq Library Fines & Fees	1,500	-	1,500	275	1,225	18.3%	469
04535.0305 - Delinq Library Lost/Damaged	3,200	-	3,200	1,283	1,917	40.1%	639
04535.0306 - Delinq Library Pen & Int	1,000	-	1,000	394	606	39.4%	218
04540.0105 - Comm Develop Stormwater Charges	603,501	-	603,501	150,875	452,626	25.0%	127,978
04599.0002 - Secure Vacant Stru Reimb	-	-	-	1,168	(1,168)	0.0%	-
04599.0004 - Weed Ordinance Program	28,000	-	28,000	4,725	23,275	16.9%	5,625
140 Charges for Services Total	11,149,385	-	11,149,385	2,191,105	8,958,280	19.7%	2,873,559
150 Miscellaneous Revenue							
05030.0105 - Suspense Revenue/Exp Ref	-	-	-	133,973	(133,973)	0.0%	-
05050.0105 - Pmt In Lieu Tax-WestCntbr	52,900	-	52,900	-	52,900	0.0%	-
05050.0110 - Pymt In Lieu of Tax-LRHA	25,000	-	25,000	-	25,000	0.0%	-
05050.0230 - Friends of Lynchburg Library	17,130	-	17,130	-	17,130	0.0%	4,030
05050.0232 - Digg's Trust Rec-Pt Honor	29,600	-	29,600	18,500	11,100	62.5%	9,250
05050.0251 - Contributions-Adopt-A-Bed	-	-	-	-	-	0.0%	705
05050.0278 - Donations for Rotary Centennial Skate Park, None	-	-	-	-	-	0.0%	1,700
05050.0290 - Gifts And Misc.	2,000	-	2,000	-	2,000	0.0%	100
05050.0400 - Sale-Salvage/Surplus Prop	-	-	-	132	(132)	0.0%	729
05050.0415 - Proceeds frm PropRoom.com	-	-	-	169	(169)	0.0%	-
05050.2001 - Cash Overage And Shortage	-	-	-	(35)	35	0.0%	(128)
05050.2011 - Reimb.POH Carriage House	21,040	-	21,040	13,875	7,166	65.9%	6,938
05050.2013 - Photo Reprod And Royalty	-	-	-	-	-	0.0%	40
05050.2016 - Dedicated Misc Rev HumSvc	-	-	-	-	-	0.0%	292
05050.2022 - Trash Cart Sales	4,000	-	4,000	-	4,000	0.0%	867
05050.2025 - Credit Card Rebate	110,000	-	110,000	-	110,000	0.0%	-
05050.2028 - WardsCrossingWestSvcFee	143,277	-	143,277	-	143,277	0.0%	-
05050.2033 - PointOffHnr-GiftShopSales	-	-	-	-	-	0.0%	-
05050.2034 - P&R Spec Event Sponsorship, None	20,000	-	20,000	750	19,250	3.8%	1,050
05050.2037 - RSA Profit Sharing	-	-	-	-	-	0.0%	-
05050.2046 - Visitor Ctr Merchandise	5,000	-	5,000	115	4,885	2.3%	1,060

Revenues	Adopted Budget	Budget Amendment	Amended Budget	Actual Amount 9/30/20	Remaining Budget w/o Encumbrances	Percentage of Amended Budget	Actual Amount 9/30/19
05050.2049 - Trash Bag&Decal Violation	4,000	-	4,000	75	3,925	1.9%	171
05050.2052 - Parking Lease Agreement	105,000	-	105,000	23,684	81,316	22.6%	26,342
05050.2055 - Hillcats - Donation Youth Athletic Programs	10,000	-	10,000	-	10,000	0.0%	10,000
05050.2056 - Commission on City Vending Machine Sales	-	-	-	796	(796)	0.0%	622
05050.2059 - Court Restitution, None	-	-	-	-	-	0.0%	207
05050.2090 - Miscellaneous Revenue	51,200	-	51,200	5,143	46,057	10.0%	8,811
150 Miscellaneous Revenue Total	600,147	-	600,147	197,177	402,970	32.9%	72,786
300 State Non-Categorical Aid							
06100.0300 - Rolling Stock Taxes	90,000	-	90,000	88,947	1,053	98.8%	90,863
06100.0400 - Mobile Home Titling Taxes	1,000	-	1,000	2,805	(1,805)	280.5%	930
06100.0600 - Deeds Of Conveyance	150,000	-	150,000	16,828	133,172	11.2%	14,034
06100.0800 - Recordation Taxes-State	150,000	-	150,000	-	150,000	0.0%	(0)
06100.0900 - Auto Rental Tax-DMV	336,400	-	336,400	106,105	230,295	31.5%	105,342
06100.1108 - Personal Prop Tax Relief	5,543,584	-	5,543,584	277,179	5,266,405	5.0%	277,179
06100.8001 - Games of Skill Tax, None	-	-	-	24,480	(24,480)	0.0%	-
300 State Non-Categorical Aid Total	6,270,984	-	6,270,984	516,345	5,754,639	8.2%	488,348
310 State Shared Exp (Cat.)							
06510.0200 - Commissioner of Revenue	191,558	-	191,558	30,608	160,950	16.0%	14,868
06510.0300 - Treasurer	116,703	-	116,703	18,099	98,605	15.5%	18,107
06510.1000 - Registrar/Electoral Board	47,000	-	47,000	-	47,000	0.0%	-
06515.0100 - Clerk of Cir Crt-Fringes	610,467	-	610,467	89,351	521,116	14.6%	89,298
06515.0200 - Sheriff	1,138,494	-	1,138,494	176,350	962,144	15.5%	180,341
06515.0400 - Commonwealth Attorney	1,079,000	-	1,079,000	169,190	909,810	15.7%	184,152
310 State Shared Exp (Cat.) Total	3,183,222	-	3,183,222	483,597	2,699,625	15.2%	486,766
320 State Categorical Aid							
06820.0200 - Juvenile Correct-Block Gt	247,716	-	247,716	61,929	185,787	25.0%	61,929
06820.0201 - Wireless E911	380,000	-	380,000	69,222	310,778	18.2%	65,500
06820.0203 - HB 599 Law Enforc.Asst	3,137,083	-	3,137,083	814,857	2,322,226	26.0%	814,857
06825.0100 - Street And Highway Maint.	9,001,148	-	9,001,148	2,248,914	6,752,234	25.0%	2,139,970
06830.0413 - SS State Adm Sub 0901	2,470,027	-	2,470,027	408,120	2,061,907	16.5%	317,428
06830.0414 - SS State Prog Sub 0902	5,128,759	-	5,128,759	452,142	4,676,617	8.8%	417,383
06835.0102 - SNAP Program Reimb	13,000	-	13,000	7,108	5,892	54.7%	4,022
06835.0104 - VDH- We Got the Beet Campaign	-	-	-	-	-	0.0%	450
06835.0300 - Finan Asst-Public Library	165,384	5,688	171,072	42,768	128,304	25.0%	41,346
320 State Categorical Aid Total	20,543,117	5,688	20,548,805	4,105,060	16,443,745	20.0%	3,862,884
330 State Aid in Suspense							
05030.0100 - Suspense Rev-Va EDI Pmts	-	-	-	-	-	0.0%	-
330 State Aid in Suspense Total	-	-	-	-	-	0.0%	-
510 Federal Direct Cat. Aid							
07540.1001 - IRS Int Subsidy 8/09 BABs	-	-	-	-	-	0.0%	40,838
07540.1002 - IRS Int Subs 8/09 BABsSCH	-	-	-	-	-	0.0%	96,898
510 Federal Direct Cat. Aid Total	-	-	-	-	-	0.0%	137,736
520 Fed Cat Aid- Pass Thru							
07825.0300 - B&G Chrgs Commerce St Bld	55,000	-	55,000	10,793	44,207	19.6%	6,027
07830.0420 - Fed Pass Thru:Cost AIIDMG	550,000	-	550,000	-	550,000	0.0%	-
07830.0421 - SS Fed Adm Sub 0901	4,285,965	-	4,285,965	976,033	3,309,932	22.8%	788,213
07830.0422 - SS Fed Prog Sub 0902	3,576,904	-	3,576,904	438,582	3,138,322	12.3%	303,954
07830.0430 - USDA Funding - Group Home, None	15,000	-	15,000	1,119	13,881	7.5%	4,837
07875.0003 - Human Service Lease	147,091	-	147,091	24,515	122,576	16.7%	21,631
07875.0021 - FINI Double-Dollars	12,000	-	12,000	4,795	7,205	40.0%	4,654
07875.0024 - CARES Act Funding for 2020 Presidential Election, None	-	76,430	76,430	76,430	-	100.0%	-
520 Fed Cat Aid- Pass Thru Total	8,641,960	76,430	8,718,390	1,532,268	7,186,122	17.6%	1,129,316
Grand Total	187,627,868	82,118	187,709,986	18,342,586	169,367,400	9.8%	18,581,011

Fiscal Year	Fiscal Calendar 2021
Fiscal Quarter of Year	Fiscal Q 1
Fund	1001 General Fund
Account Type	Expenses
Process Status	Posted

Expenditures	Adopted Budget	Budget Amendment	Amended Budget	Actual Amount 9/30/20	Remaining Budget w/ Encumbrances	Percentage Used w/ Encumbrances	Actual Amount 9/30/19
2022 Communications/Public Engagement							
0021 Public Information	499,937	6,609	506,546	139,102	304,236	39.9%	152,311
0022 Customer Service Center	147,109	208	147,317	30,113	116,996	20.6%	30,268
0029 Local Government Channel	178,378	-	178,378	33,598	144,780	18.8%	34,057
2022 Communications/Public Engagement Total	825,424	6,817	832,241	202,812	566,013	32.0%	216,637
2023 Council / Manager							
0028 Council / Manager	1,198,940	7,534	1,206,474	227,139	979,335	18.8%	261,151
0033 Parking Division	560,031	-	560,031	101,613	458,418	18.1%	120,087
2023 Council / Manager Total	1,758,971	7,534	1,766,505	328,753	1,437,752	18.6%	381,238
2030 City Attorney							
0050 City Attorney	850,894	-	850,894	160,354	690,540	18.8%	167,203
0051 Risk Management	672,791	-	672,791	672,791	-	100.0%	152,029
2030 City Attorney Total	1,523,685	-	1,523,685	833,145	690,540	54.7%	319,231
2035 State Treasurer							
0060 State Treasurer	200,146	-	200,146	36,405	163,741	18.2%	41,517
2035 State Treasurer Total	200,146	-	200,146	36,405	163,741	18.2%	41,517
2040 Commissioner Of Revenue							
0070 Com Rev-State/Loc Budget	825,187	1,691	826,878	167,098	658,984	20.3%	150,466
2040 Commissioner Of Revenue Total	825,187	1,691	826,878	167,098	658,984	20.3%	150,466
2045 City Assessor							
0080 City Assessor	786,873	1,323	788,196	178,922	608,370	22.8%	176,032
2045 City Assessor Total	786,873	1,323	788,196	178,922	608,370	22.8%	176,032
2050 Finance							
0090 Office of Management & Budget	693,230	1,594	694,824	137,063	509,904	26.6%	133,852
0093 Billings And Collections	1,424,287	36,793	1,461,080	276,278	920,524	37.0%	162,827
0094 Procurement	375,215	763	375,978	75,466	296,391	21.2%	77,392
0095 Accounting	1,081,237	21,895	1,103,132	196,381	843,919	23.5%	213,492
2050 Finance Total	3,573,969	61,045	3,635,014	685,188	2,570,738	29.3%	587,563
2055 Human Resources							
0110 Human Resources	780,426	33,000	813,426	123,762	674,920	17.0%	170,014
0111 Occupational Health Svs	216,347	-	216,347	716	215,631	0.3%	32,517
2055 Human Resources Total	996,773	33,000	1,029,773	124,478	890,551	13.5%	202,531
2057 Information Technology							
0115 Application Services	1,377,821	-	1,377,821	261,704	1,116,117	19.0%	292,628
0116 Network Services	1,724,554	-	1,724,554	320,559	1,403,995	18.6%	356,890
0117 I T Administration	461,716	318	462,034	90,330	354,076	23.4%	96,006
0125 GIS	352,729	-	352,729	89,715	263,014	25.4%	87,524
2057 Information Technology Total	3,916,820	318	3,917,138	762,308	3,137,202	19.9%	833,049
2065 Registrar							
0150 Registrar	238,532	16,162	254,694	69,191	185,341	27.2%	37,743
0151 Electoral Board	99,918	62,132	162,050	50,153	111,896	30.9%	5,426
2065 Registrar Total	338,450	78,294	416,744	119,345	297,237	28.7%	43,168
2090 Education							
0200 Lcl Sch Oper Contribution	39,828,498	-	39,828,498	2,750,000	37,078,498	6.9%	1,500,000
2090 Education Total	39,828,498	-	39,828,498	2,750,000	37,078,498	6.9%	1,500,000
2105 Circuit Court-Judge							
0300 Circuit Court-Judge	161,579	3,059	164,638	27,934	134,153	18.5%	21,127
2105 Circuit Court-Judge Total	161,579	3,059	164,638	27,934	134,153	18.5%	21,127
2110 General District Court							
0310 General District Court	55,373	2,615	57,988	5,709	50,325	13.2%	8,234
2110 General District Court Total	55,373	2,615	57,988	5,709	50,325	13.2%	8,234
2115 Juvenile & Dr Dist Court							
0320 Juvenile & Dr Dist Court	21,273	-	21,273	3,971	13,609	36.0%	4,260
2115 Juvenile & Dr Dist Court Total	21,273	-	21,273	3,971	13,609	36.0%	4,260
2120 24th Court Service Unit							
0330 24th Court Service Unit	1,472	-	1,472	144	1,328	9.8%	82
2120 24th Court Service Unit Total	1,472	-	1,472	144	1,328	9.8%	82
2125 Commonwealth's Attorney							
0340 Commonwealth Attorney	1,706,182	630	1,706,812	342,418	1,355,239	20.6%	357,034
0343 Com Aty Fines & Fees Coll	64,329	121	64,450	12,636	50,608	21.5%	13,943
2125 Commonwealth's Attorney Total	1,770,511	751	1,771,262	355,054	1,405,847	20.6%	370,978
2130 Magistrate's Office							
0350 Magistrate's Office	4,144	50	4,194	827	3,317	20.9%	1,037
2130 Magistrate's Office Total	4,144	50	4,194	827	3,317	20.9%	1,037
2135 Circuit Court-Clerk							

Expenditures	Adopted Budget	Budget Amendment	Amended Budget	Actual Amount 9/30/20	Remaining Budget w/ Encumbrances	Percentage Used w/ Encumbrances	Actual Amount 9/30/19
0360 Circuit Court-Clerk	960,616	-	960,616	184,119	776,497	19.2%	185,054
2135 Circuit Court-Clerk Total	960,616	-	960,616	184,119	776,497	19.2%	185,054
2200 City Sheriff							
0400 City Sheriff And Jail	2,390,360	-	2,390,360	489,110	1,901,250	20.5%	503,311
2200 City Sheriff Total	2,390,360	-	2,390,360	489,110	1,901,250	20.5%	503,311
2240 Police							
0420 Police Operations	17,973,292	89,255	18,062,547	4,209,209	13,627,833	24.6%	4,421,333
0421 Animal Warden	339,881	-	339,881	68,981	270,900	20.3%	69,860
0429 Range Operations	13,800	728	14,528	864	12,494	14.0%	3,524
0430 Police Off Duty Employmnt	1,026,182	-	1,026,182	141,143	885,039	13.8%	189,540
2240 Police Total	19,353,155	89,983	19,443,138	4,420,196	14,796,267	23.9%	4,684,256
2245 Emergency Services							
0422 Emergency Communications	2,858,067	3,129	2,861,196	644,000	2,200,437	23.1%	600,819
2245 Emergency Services Total	2,858,067	3,129	2,861,196	644,000	2,200,437	23.1%	600,819
2270 Fire							
0444 Fire Operations And Ems	16,490,750	16,307	16,507,057	3,295,657	13,150,655	20.3%	3,672,933
0446 TRT- PIER Program	76,500	44,307	120,807	62,351	58,456	51.6%	70,484
2270 Fire Total	16,567,250	60,614	16,627,864	3,358,009	13,209,110	20.6%	3,743,417
2400 Public Works							
0600 Public Works Administrat.	988,201	40	988,241	188,326	733,816	25.7%	192,698
0605 Engineering	4,322,318	50,044	4,372,362	752,224	3,570,301	18.3%	731,324
0632 Street Maintenance,II	3,621,805	2,128,019	5,749,824	575,793	3,381,212	41.2%	591,157
0635 Snow Removal	318,638	37,082	355,720	9,784	308,854	13.2%	16,001
0640 Refuse Collection	3,303,872	530,892	3,834,764	628,326	2,137,243	44.3%	683,328
0645 Parks/Grounds Maintenance	3,557,139	342,930	3,900,069	653,969	2,655,701	31.9%	839,851
0649 Baseball Stadium Maint	117,823	2,016	119,839	18,911	98,300	18.0%	34,280
0650 Building Maintenance	3,916,727	108,386	4,025,113	732,678	3,072,792	23.7%	818,424
0660 Human Services Maint.	243,090	2,054	245,144	52,359	170,388	30.5%	61,393
2400 Public Works Total	20,389,613	3,201,464	23,591,077	3,612,369	16,128,608	31.6%	3,968,456
2555 Health							
0800 Health Operations	747,685	-	747,685	373,843	-	100.0%	373,843
2555 Health Total	747,685	-	747,685	373,843	-	100.0%	373,843
2561 Juvenile Services							
0904 Juvenile Service Admin.	-	-	-	-	-	0.0%	39,371
0905 Juvenile Detention Home	500,000	-	500,000	138,256	361,744	27.7%	106,398
0906 Juvenile Services	1,794,489	5,266	1,799,755	347,996	1,436,992	20.2%	260,947
0915 Csa Service Providers	1,843,647	-	1,843,647	460,912	1,382,735	25.0%	14,433
0929 Lynchburg Outreach Prog	-	-	-	-	-	0.0%	43,141
2561 Juvenile Services Total	4,138,136	5,266	4,143,402	947,164	3,181,471	23.2%	464,290
2562 Social Services							
0901 Social Services Admin.	9,236,499	15,853	9,252,352	1,869,325	7,340,415	20.7%	1,876,573
0902 Public Assistance	8,869,737	54,035	8,923,772	1,660,757	7,208,980	19.2%	2,222,244
2562 Social Services Total	18,106,236	69,888	18,176,124	3,530,082	14,549,395	20.0%	4,098,817
2563 Recreation Services							
0116 Network Services	12,750	-	12,750	15,049	(2,299)	118.0%	16,707
1002 Parks/Rec/Market	418,298	1,958	420,256	84,774	328,790	21.8%	82,335
1010 Recreation, General Admin	668,361	1,455	669,816	124,896	544,247	18.7%	127,996
1011 Recreation Services	147,152	-	147,152	29,889	117,263	20.3%	30,008
1013 Recreation, Athletic	157,758	-	157,758	30,307	127,451	19.2%	36,005
1015 Recreation, Park Services	757,943	3,900	761,843	164,883	593,910	22.0%	151,368
1022 Recreation, Aquatics	48,200	-	48,200	-	48,200	0.0%	34,604
1023 Recreation, Naturalist	187,964	-	187,964	39,060	148,904	20.8%	29,681
1024 Special Events-Cty Sponsr	30,000	-	30,000	-	30,000	0.0%	3,000
1027 Recreation Programs	549,097	14,500	563,597	91,636	471,961	16.3%	113,404
1028 City-wide Centers	278,710	-	278,710	54,950	223,760	19.7%	58,066
1029 Neighborhood Centers	798,061	4,855	802,916	167,681	635,235	20.9%	150,935
2563 Recreation Services Total	4,054,294	26,668	4,080,962	803,126	3,267,421	19.9%	834,110
2610 Libraries							
1100 Public Library	1,587,621	23,581	1,611,202	277,499	1,327,281	17.6%	319,675
1120 Law Library	8,200	-	8,200	1,969	6,231	24.0%	2,293
2610 Libraries Total	1,595,821	23,581	1,619,402	279,468	1,333,512	17.7%	321,968
2611 Museum System							
1150 Museum	487,888	1,663	489,551	70,636	417,593	14.7%	100,814
2611 Museum System Total	487,888	1,663	489,551	70,636	417,593	14.7%	100,814
2715 Community Development							
1200 Director-Comm Plan/Dev	307,156	576	307,732	61,628	246,104	20.0%	62,996
1201 Planning	349,581	11	349,592	73,728	275,853	21.1%	77,168
1202 Inspections	996,465	475	996,940	184,038	812,427	18.5%	199,976
1205 Zoning	407,592	-	407,592	62,919	322,173	21.0%	61,990
2715 Community Development Total	2,060,794	1,062	2,061,856	382,313	1,656,557	19.7%	402,131
2720 Office Of Economic Devel							

Expenditures	Adopted Budget	Budget Amendment	Amended Budget	Actual Amount 9/30/20	Remaining Budget w/ Encumbrances	Percentage Used w/ Encumbrances	Actual Amount 9/30/19
1300 Economic Development	1,693,139		1,717,331	192,002	1,439,342	16.2%	600,207
2720 Office Of Economic Devel Total	1,693,139	24,192	1,717,331	192,002	1,439,342	16.2%	600,207
5000 Nondept Employee Benefits							
1430 Non-allocated Emp Benefit	4,088,072	-	4,088,072	996,354	3,091,718	24.4%	1,087,360
5000 Nondept Employee Benefits Total	4,088,072	-	4,088,072	996,354	3,091,718	24.4%	1,087,360
5050 Non-Departmental							
1506 Water Oper Fund Payments	864,215	-	864,215	216,053	648,162	25.0%	209,099
1508 Stormwater Fee-City Bldgs	88,500	-	88,500	14,752	73,748	16.7%	14,684
1509 Stormwater Fee-School Bld	70,200	-	70,200	11,666	58,534	16.6%	11,653
1512 College Lake Dam Repairs	-	119,869	119,869	294	(294)	100.2%	42,800
1513 Stormwater Detention Pond Repair	-	-	-	3,460	(3,860)	0.0%	-
1566 Managed Vacancy Program	(38,207)	-	(38,207)	-	(38,207)	0.0%	-
1567 Years of Service Awards	14,500	-	14,500	4,222	10,278	29.1%	3,333
1568 Retirement Recognition	5,000	-	5,000	-	5,000	0.0%	-
1569 Take Your Kids to Work Dy	1,000	-	1,000	-	1,000	0.0%	-
1570 Emp Appreciation Luncheon	3,000	-	3,000	-	3,000	0.0%	-
1573 Payment-Fleet Capital Chg	2,466,910	-	2,466,910	624,916	1,841,994	25.3%	628,282
1574 Health Management Program	15,000	-	15,000	-	15,000	0.0%	(5,340)
1575 Employee Committee Funds	8,000	-	8,000	-	8,000	0.0%	-
1576 Line of Duty Act	254,057	-	254,057	91,294	162,763	35.9%	59,627
1578 Poverty Initiative	-	122,763	122,763	3,641	119,122	3.0%	-
1579 Recruitment	10,000	34,933	44,933	8,200	36,733	18.2%	3,952
1580 International Festival	500	6,860	7,360	-	7,360	0.0%	(500)
1581 Workplace Safety & Wellness	60,000	-	60,000	-	60,000	0.0%	11,784
1637 City Cemetery Master Plan	132,438	-	132,438	87,642	-	100.0%	87,642
5050 Non-Departmental Total	3,955,113	284,425	4,239,538	1,066,139	3,008,334	29.0%	1,067,016
5060 Support Local/State Organ							
1702 V.P.I. Extension Service	40,685	-	40,685	3	(3)	100.0%	36
1705 Lynchburg Humane Society	405,440	-	405,440	405,440	0	100.0%	405,440
1707 Cent Va Alli for Comm Liv	15,000	-	15,000	15,000	-	100.0%	15,000
1708 Horizon Behavioral Health	574,512	-	574,512	143,628	-	100.0%	189,000
1709 Cvcc Board & Related Oper	1,967	-	1,967	1,967	-	100.0%	1,955
1711 Cent Va Planning Dist Com	46,770	-	46,770	46,770	0	100.0%	46,219
1715 Greater Lynch. Transit Co	500,000	-	500,000	-	500,000	0.0%	1,728,785
1721 Blue Ridge Regional Jail	5,543,931	-	5,543,931	1,238,202	147,781	97.3%	1,226,680
1724 Legal Aid Society	12,167	-	12,167	12,167	-	100.0%	-
1739 Contrib- Amazement Square	267	-	267	-	267	0.0%	-
1743 Central Va Reg Radio Brd	684,741	-	684,741	384,807	299,934	56.2%	389,090
1748 Elizabeth's Early Learn Center	15,854	-	15,854	-	15,854	0.0%	-
5060 Support Local/State Organ Total	7,841,334	-	7,841,334	2,247,984	963,832	87.7%	4,002,205
7450 Debt Service							
5985 Refunded Debt Payments	-	-	-	-	-	0.0%	13,850,000
5990 Principal Bonds/BANS/LOC	11,210,430	-	11,210,430	2,975,832	8,234,598	26.5%	3,028,464
5994 Interest Bonds/BANS/LOC	6,865,447	-	6,865,447	1,323,435	5,542,012	19.3%	1,252,251
5997 Debt - Misc. Charges	7,100	-	7,100	-	7,100	0.0%	1,764
7450 Debt Service Total	18,082,977	-	18,082,977	4,299,267	13,783,710	23.8%	18,132,479
7570 Other Financing Uses							
9710 Operating Transfers Out	7,037,910	1,364,058	8,401,968	1,813,040	6,588,928	21.6%	303,067
7570 Other Financing Uses Total	7,037,910	1,364,058	8,401,968	1,813,040	6,588,928	21.6%	303,067
Grand Total	192,997,608	5,352,491	198,350,099	36,291,315	152,002,187	23.4%	50,330,768

*Financial Services - Office of Management & Budget*

900 Church Street • Lynchburg • Virginia • 24504

www.lynchburgva.gov • P 434-455-3968 • F 434-845-0711

TO: City Council
Reid Wodicka, Interim City Manager
Kent White, Interim Deputy City Manager
Alicia Finney, Interim Clerk of Council

FROM: Donna Witt, Chief Financial Officer

DATE: November 24, 2020

RE: FY 2020 Write-Off of Uncollectible Accounts Receivable

In June 2005, an Accounts Receivable Policy was established to write-off uncollectible accounts. In accordance with the policy, the Chief Financial Officer is authorized to write-off accounts on an annual basis, providing this information to Finance Committee and City Council.

Using the criteria set-forth in the Accounts Receivable Policy, a breakdown of write-offs for FY 2020 is as follows:

Account	Statute of Limitations	Write-off Year and Billing Amount	Write-Off Amount	Billing Amount	% Written-Off
Real Estate	20	1999	216,668.15	25,965,631.99	0.83%
Amusement Tax	5	2014	4.52	679,885.72	0.00%
Business License	5	2014	43,373.81	8,269,665.92	0.52%
Library Fines	5	2014	1,560.70	45,502.33	3.43%
Lodging Tax	5	2014	2.60	2,061,588.98	0.00%
Meals Tax	5	2014	13,071.45	12,907,364.46	0.10%
Personal Property	5	2014	127,125.42	18,160,905.14	0.70%
Public Service Corporation	5	2014	5.78	2,314,876.26	0.00%
Ambulance	3	2016	852,760.77	5,851,503.03	14.57%
Miscellaneous Invoices	3	2016	26,332.42	3,687,776.10	0.71%
Non Sufficient Funds	3	2016	469.20	7,643.55	6.14%
Utility Billing System	3	2016	47,169.59	38,015,566.00	0.12%
Total Write-Off			\$ 1,328,544.41	\$ 117,967,909.48	1.13%

If you have any questions, please let me know.

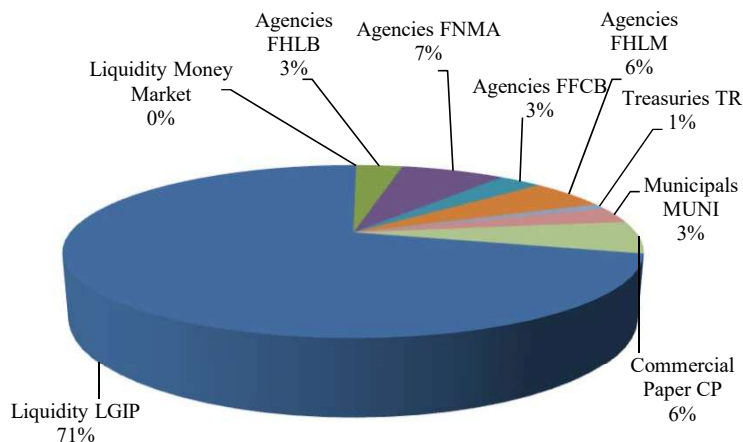
Thank you.

Investment Summary

Quarterly Investment Review - 10/31/2020

City of Lynchburg

Current Holdings



Portfolio Statistics

Total Investments

This Quarter	108,772,879
Last Quarter	114,017,249
One Year Ago	85,070,384

Weighted Average Yield

Portfolio	0.62%
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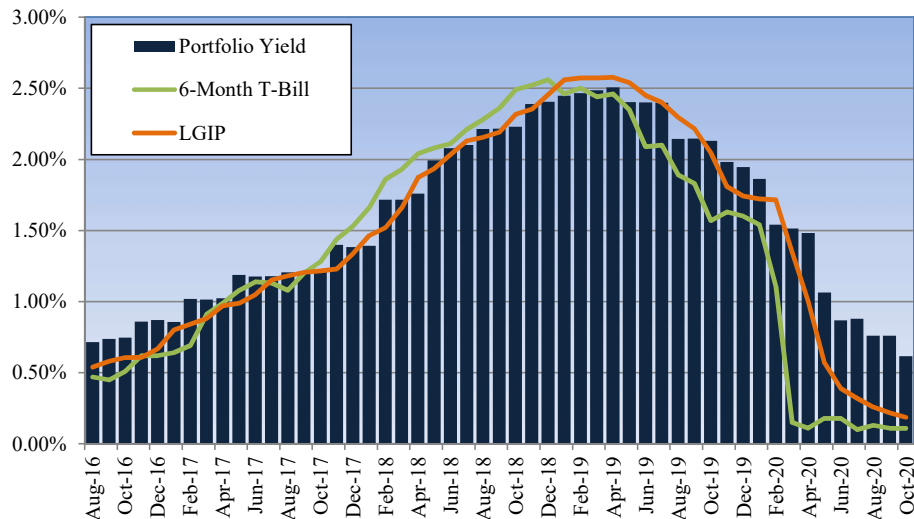
Weighted Average Maturity (days)

Excluding Liquidity (days)	162
Including Liquidity (days)	46

Comments

For the quarter ended October 31, 2020, the City placed all investable cash in its liquidity accounts. Additionally, \$12.4 million of the portfolio's securities matured during the quarter. By the quarter ended December 31, 2020, an additional \$10.6 million of securities will have matured. The weighted average yield decreased over the previous quarter from 0.88% to 0.62%. The average maturity of the portfolio (excluding liquidity) has also decreased by 33 days.

Portfolio Yield - As of October 31, 2020



**CURRENT ASSET ALLOCATION
WILMINGTON TRUST & LGIP INVESTMENTS
BY SECURITY TYPE AND BANK
AS OF OCTOBER 31, 2020**

Type	Amount Invested	Investment Percentages	Target Investment %
Wilmington Money Mkt	\$1,073.30	0%	
Certificate of Deposits	0.00	0%	6.50%
FFCB	3,250,000.00	3%	10%
FHLB	3,000,000.00	3%	20%
FHLMC	5,900,000.00	5%	10%
FNMA	7,850,000.00	7%	10%
Subtotal Agencies	<u>\$20,000,000.00</u>		
Treasuries	1,000,000.00	1%	10%
Commercial Paper	6,500,000.00	6%	6.50%
Bonds	3,715,000.00	3%	6.50%
INVESTED WILMINGTON TRUST	<u>\$31,215,000.00</u>		
INVESTED LGIP	<u>\$77,556,805.98</u>	71%	20%
		100%	100%
TOTAL INVESTED	<u>\$108,772,879.28</u>		
(Includes Money Mkt & LGIP Funds)			
BANK DISTRIBUTION			
B B & T Capital Mkts	\$2,500,000.00	8%	
Baird & Company	750,000.00	2%	
Raymond James	18,365,000.00	59%	
RBC Capital Markets	3,000,000.00	10%	
SunTrust Capital Mkts	1,500,000.00	5%	
Wells Fargo Securities	5,100,000.00	16%	
INVESTED WILMINGTON TRUST	<u>\$31,215,000.00</u>	100%	
Wilmington (Money Market)	<u>\$1,073.30</u>		
TOTAL INVESTED WILMINGTON	<u>\$31,216,073.30</u>		

LGIP Funds	
1. General	23,783,776.04
City Federal Aid (CARES)	2,974,972.29
City Federal Aid (CARES) #2	5,725,232.67
City Capital Projects	8,305,983.14
Technology	906,857.83
City Capital/VDOT Fnds	678,179.37
School Capital Projects	1,696,090.14
Regional Airport	1,579,417.41
Airport Projects Grant	3,496,371.38
Self Insurance	327,235.89
Internal Services	1,764,548.27
Special Welfare	122,351.27
2. Water Operating	4,162,900.96
Water Capital	4,586,243.28
3. Sewer Operating	5,396,177.37
Sewer Capital	7,581,464.83
4. Stormwater Operating	692,455.84
Stormwater Capital Projects	1,087,000.00
5. PFC Fund	2,297.68
6. Airport State Entitlements	2,687,250.32
TOTAL LGIP	<u>\$77,556,805.98</u>

December 8, 2020

Physical Development Committee – CANCELED
Finance Committee – 11:30 a.m. – Council Chamber

A G E N D A

City Council Meeting of December 8, 2020
Council Chamber | City Hall, 900 Church Street, Lynchburg, VA 24504

4:00 P.M.

WORK SESSION

- #1. Receive an update from Central Virginia's Continuum of Care on the Strategic Plan to End Homelessness.
- #2. Review the FY 2020 Comprehensive Annual Financial Report (CAFR).
- #3. Receive an update on the revenue collections received in several key City revenue sources.
- #4. Receive an update on the Utility Disconnect Moratorium and consideration of adopting a resolution related to the COVID-19 Municipal Utility Relief Program and associated CARES funding.

#R-20-__

- #5. Roll Call

7:30 P.M.

City Council Agenda Items

COUNCILMEMBER WILDER WILL GIVE THE INVOCATION

GENERAL POLICY REGARDING PUBLIC PARTICIPATION AT CITY COUNCIL MEETINGS

Each speaker shall clearly state his or her name and locality of residence.

The City Council agenda is divided into four sections.

CONSENT AGENDA: This section includes routine items. All items may be approved by one vote.

PUBLIC HEARINGS: This section includes all public hearings as required by law or as Council may direct.

Procedure:

- Staff will make a presentation.
- For zoning petitions, the applicant or his or her representative shall have ten (10) minutes to make a presentation.
- Comments will then be solicited from those in favor.
- Comments will then be solicited from those in opposition.

During the public hearing, there shall be a time limit of three (3) minutes for each individual speaker. If the speaker represents a group, there shall be a time limit of five (5) minutes. A speaker representing a group shall identify that group at the beginning of his or her remarks. A group may have only one spokesperson. After public comments have been received, for zoning petitions, the applicant or the representative of the applicant, at his or her discretion, may respond with a rebuttal. There shall be a five (5)-minute time limit for rebuttal. Upon the conclusion of public comments or the applicant's rebuttal, the public hearing will be closed and the matter referred to Council for deliberation.

PUBLIC COMMENT: Public comment shall be for the purpose of allowing members of the public to present any matter, which, in their opinion, deserves the attention of the Council. They shall not serve as a forum for debate with the Council. Individuals may speak up to three (3) minutes; or group spokesperson up to five (5) minutes. Once Council has heard a presentation from a citizen or organization on a particular subject, the citizen or organization may not make another presentation on the same subject within three (3) months of the first presentation, except by a majority vote of the members of Council present and voting.

GENERAL BUSINESS: This section includes items of a general nature to be considered by Council.

City Council may make exceptions to these rules at its discretion. Prior to a meeting, any questions which citizens may have regarding any item on the agenda may be addressed to City Council or the City Administration. The following numbers are provided for the convenience of the citizens:

CITY COUNCIL 455-3995

MAYOR 455-3995

CITY MANAGER 455-3990

A reasonable charge may be made for copying and other activities related to responding to long and involved inquiries.

CITIZENS OFTEN EXPRESS CONFLICTING AND DIVERSE POSITIONS REGARDING SPECIFIC ISSUES UNDER CONSIDERATION. TO ENCOURAGE CITIZEN PARTICIPATION AND TO AVOID INTIMIDATION TO PERSONS WHO MAY EXPRESS SOMETIMES UNPOPULAR OPINIONS, APPLAUSE, CHEERS, OR JEERS FROM THE AUDIENCE ARE NOT PERMITTED. WHEN APPEARING BEFORE CITY COUNCIL, CITIZENS MAY NOT ENGAGE IN BEHAVIOR THAT INTIMIDATES OR INSULTS OTHERS, ENGAGE IN DISRUPTIVE BEHAVIOR, USE PROFANITY OR VULGAR LANGUAGE, PROMOTE PRIVATE BUSINESS VENTURES OR CAMPAIGN FOR PUBLIC OFFICE.

* **PREVIOUSLY DISCUSSED AND/OR CONSIDERED BY CITY COUNCIL**

RECOGNITION

- ❖ Fall 2020 Co.Starters Graduation
 - ❖ Excellence in Economic Development Silver Award - International Economic Development Council
 - ❖ Virginia Association of Destination Marketing Organizations Virgo Travel & Tourism award for the State Games of America
 - ❖ 2020 Economic Development Annual Report Video
-

CONSENT AGENDA

- #6. Consideration of adopting minutes from the November 10, 2020 Meeting
 - *#7. Consideration of adopting a resolution to amend the FY 2021 General Fund Personnel budget and appropriate \$193,936 with resources from the Fire Medic Unit Reserve to fund six Advanced Life Support Firefighters for the Fire Department.
-

PUBLIC HEARING

- #8. Consideration of approving the rezoning petition of Meanwhile Back on the Farm to rezone approximately three and sixty-one hundredths (3.61) acres at 2627 Old Forest Road, 2624 & 2700 Confederate Avenue.
#O-20-___
 - #9. Consideration of adopting a resolution to either uphold or reverse the decision of Historic Preservation Commission to deny a Certificate of Appropriateness at 2144 Rivermont Avenue.
#R-20-___
-

PUBLIC COMMENT

- #10. Hear from a citizen regarding a concern (Andrew Glover).
-

GENERAL BUSINESS

- #11. Consideration of adopting a resolution re-authorizing the issuance by the Lynchburg Redevelopment and Housing Authority (LRHA) tax-exempt revenue bonds for the acquisition and rehabilitation of James Crossing Apartments.
#R-20-___
- #12. Consideration of adopting a resolution abandoning a portion of Top Ridge Drive from the City's street system.
#R-20-___
- #13. Consideration of adopting a resolution adding Juneteenth and Veterans Day as permanent City holidays.
#R-20-___
- #14. Consideration of adopting a resolution appointing the Clerk of Council.
#R-20-___

- #15. A) Consideration of a closed meeting to discuss December appointments and appointments for vacancies to the following Boards and Commissions: Economic Development Authority, Historic Preservation Commission, Parking Authority, Social Services Advisory Board, GLTC Transit Board, Horizon Behavioral Health, Community Development Advisory Committee, Towing Advisory Committee, Planning Commission, and Airport Commission, pursuant to Section 2.2-3711(A)(1) of the Code of Virginia, 1950, as amended.
- B) Consideration of a closed meeting to discuss the disposition of certain real property identified as 97 Page Street, Lynchburg, Virginia, including, any, if any, improvements thereon, pursuant to Section 2.2-3711(A)(3) of the Code of Virginia, 1950, as amended.

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 8, 2020**

AGENDA ITEM #: **1**

CONSENT:
ACTION:

REGULAR:
INFORMATION: X

WORK SESSION: **X**

CLOSED SESSION:
(Confidential)

ITEM TITLE: Central Virginia Continuum of Care (CVCoC) Strategic Plan to Prevent and End Homelessness: 2020-2023

KEY ELEMENTS:

☐ Economic Development ☐ Excellent Government ☒ Natural and Built Environment ☒ Safe Community ☒ Vibrant Community

RECOMMENDATION: Review the Central Virginia Continuum of Care's *Strategic Plan to Prevent and End Homelessness: 2020-2023*

SUMMARY: The Central Virginia Continuum of Care (CVCoC) is a coalition of agencies, nonprofits, congregations and individuals working to end homelessness in central Virginia. The CVCoC is responsible for the homeless response system that meets the needs of persons experiencing homelessness in the City of Lynchburg and the Counties of Amherst, Appomattox, Bedford and Campbell.

Miriam's House, as the lead agency for the Central Virginia Continuum of Care, is presenting on the state of homelessness in the Lynchburg area and on the *Strategic Plan to Prevent and End Homelessness: 2020*.

PRIOR ACTION(S): N/A

FISCAL IMPACT: N/A

CONTACT(S): Sarah Quarantotto, Executive Director, Miriam's House – 847-1101
Kristen Nolen, Director of Housing Services, Miriam's House – 847-1101

ATTACHMENT(S): Presentation Slides
Strategic Plan to Prevent and End Homelessness: 2020

REVIEWED BY: klw

151A



Homeless Response in Central Virginia

Presented by the Central Virginia Continuum of Care's Lead Agency:



Outline

Background
Resources and Investments
Governance
Homeless Programs
Homelessness by the Numbers
Strategic Plan 2016 Accomplishments
Strategic Plan 2020 Review



Central Virginia
CONTINUUM OF CARE

1987

Congress passed the first federal law addressing homelessness which provided federal grants for agencies serving the homeless

1992

Miriam's House received the first federal grant to address homelessness in central VA

1994

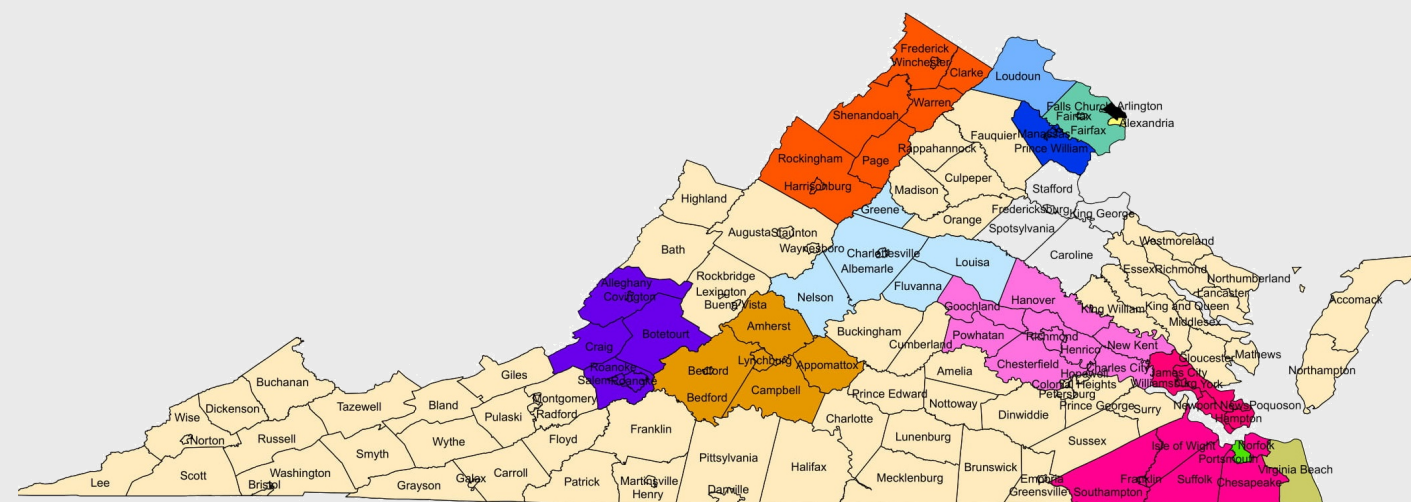
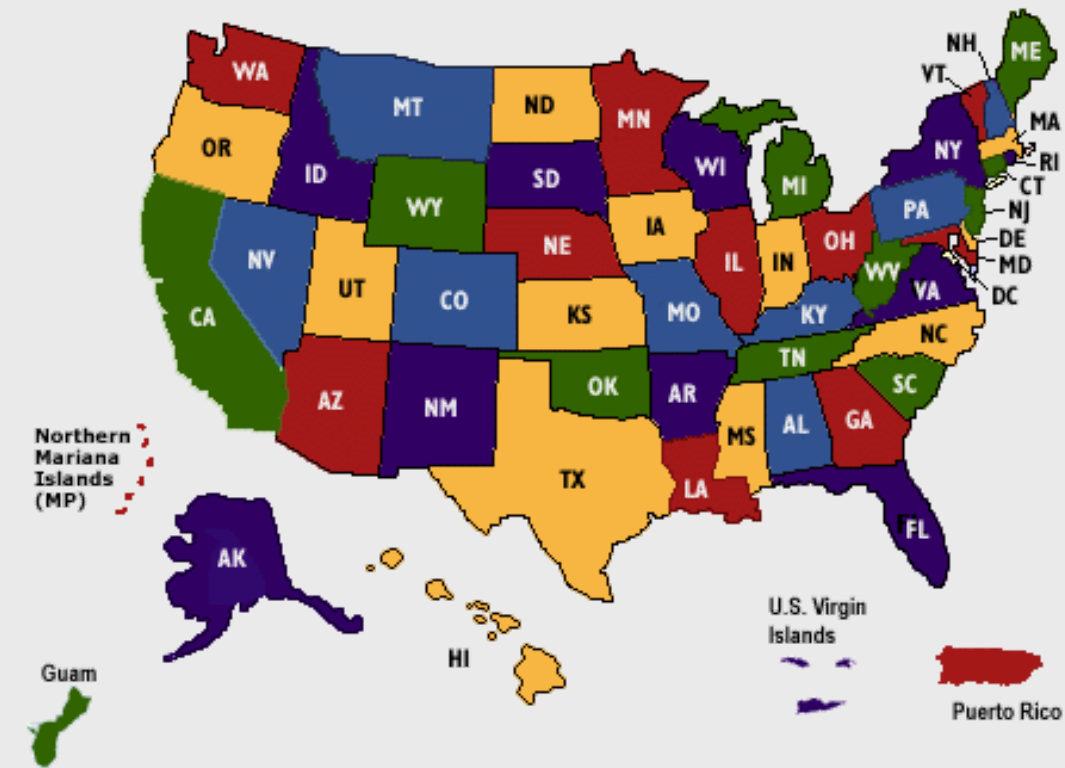
The US Department of Housing and Urban Development required that communities come together as a coalition to address homelessness and apply for federal grants

1996

The Central Virginia Homeless and Housing Coalition was created to fulfill this mandate; later changed to the Central Virginia Continuum of Care

Background

Each year the CVCoC competes*
nationally for nearly \$2.3 billion in
homeless response grants along with
400 other CoCs.



Within the Commonwealth of Virginia,
the CVCoC competes for homeless
response grants along with
16 other CoCs.

**In 2019, the CVCoC scored the highest in the Commonwealth
on the federal homeless assistance grant application.*

Federal

The CVCoC received **\$371,673** in federal grants for homeless response

State

The CVCoC received **\$528,047** in state grants for homeless response

Local

The CVCoC received **\$65,000** in local grants for homeless response through the Community Development Block Grant funding

Total Investment = \$964,720

2020 CVCoC Funding

2020 CVCoC Funded Agencies

Lynchburg Community Action Group

Lynchburg Redevelopment and Housing Authority

Miriam's House

YWCA of Central Virginia

2019-2020 Members



Board Members

Tab Robertson

Horizon Behavior Health
Portfolio Director, Case Management

Judy Brown Brooks

Lynchburg City Schools
Homeless Education Liaison

Chelsey Tomlin

Johnson Health Center
Director of Operations

Ben Bowman

Virginia Career Works
Executive Director

Rev. William Coleman

Lynchburg Community Action Group
President/CEO

Amy Hatcher

Lynchburg Adult Protective Services
Senior Family Service Specialist

Evelyn Jordan

TAP into Hope
Supportive Services for Veteran Families

Brenton Lehman

Gospel Community Church
Pastor

Mary Mayrose

Lynchburg Redevelopment and
Housing Authority
Executive Director

Jim Meador

HumanKind
Director of Adult Services

Mickey Paige

Central Virginia Community College
Great Expectations Coach

Sarah Quarantotto

Miriam's House
Executive Director

Ashley Reynolds-Marshall

YWCA of Central VA
Executive Director

Melva Walker

City of Lynchburg
Grants Manager

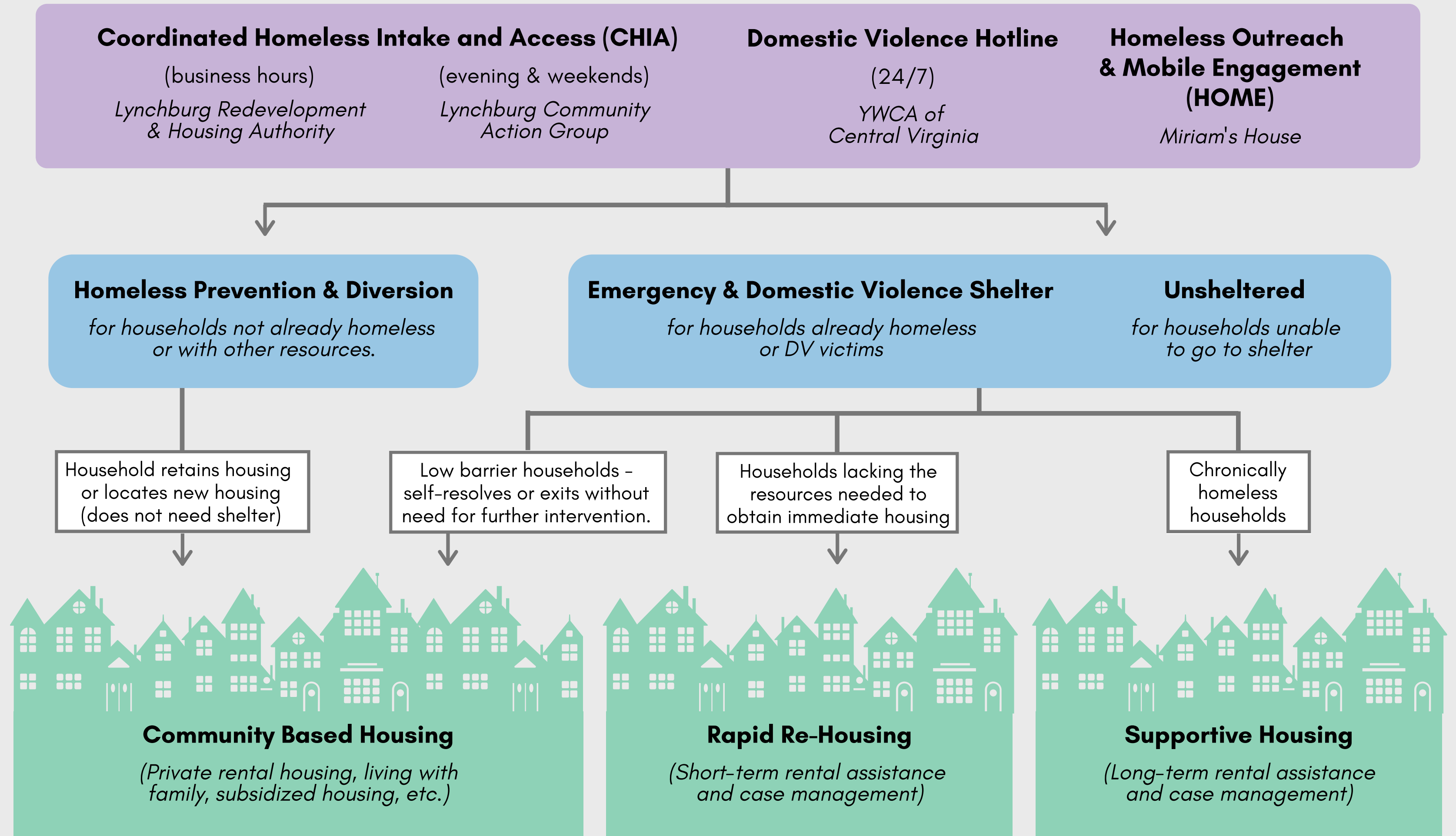
Jeremy White

Virginia Legal Aid Society
Managing Attorney

The **mission** is to ensure that homelessness is rare, brief, and non-recurring.

The **vision** is for all persons and families experiencing homelessness in the City of Lynchburg and the Counties of Amherst, Appomattox, Bedford, and Campbell to have a permanent, safe, decent, and affordable place to call home by the year 2024.

CVCoC Mission & Vision



Coordinated Entry

Access, assessment, prioritization, and referral

Homeless Prevention

Financial assistance and/or services to prevent homelessness

Street Outreach

Works with unsheltered households to connect them with housing

Emergency Shelter

Low-barrier temporary housing

Rapid Re-Housing

Housing relocation and stabilization services

Permanent Supportive Housing

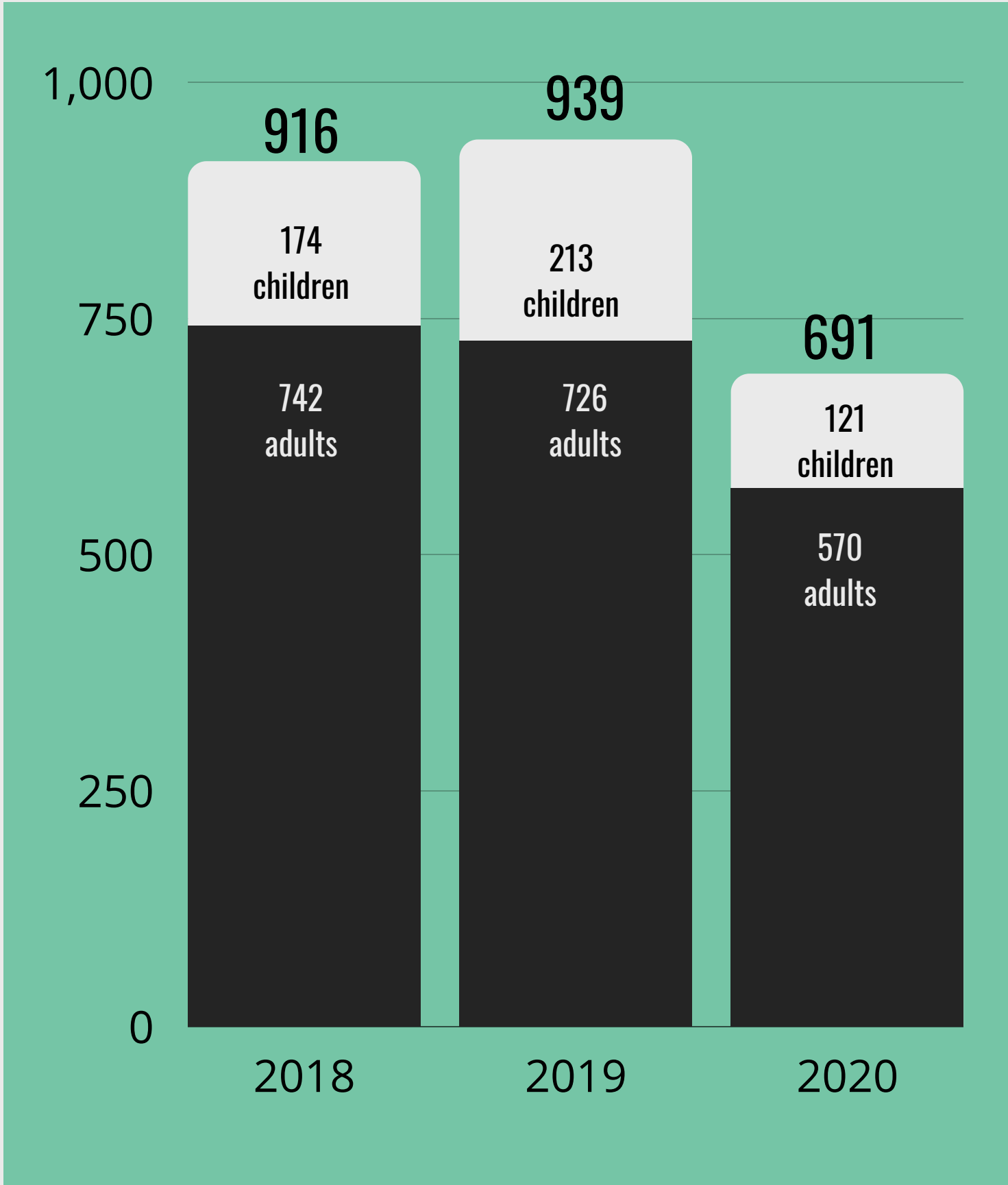
Indefinite rental assistance with supportive services

Homeless Intervention Types

Annual Central Virginia CoC Homeless Numbers



Source: Homeless Management Information System for the US Department of Housing and Urban Development



Who became homeless in 2019 in central Virginia?

● **93**

Unaccompanied Youth (age 18-24)

● **39**

Veterans

● **125**

Children (under the age of 18)

● **237**

Victims of domestic violence

● **139**

Older adults (55+)

● **90%**

Homeless households are below the federal poverty line

83%

first time homeless

17%

multiple episodes of homelessness

Source: US Department of Housing and Urban Development
Homelessness Data Exchange

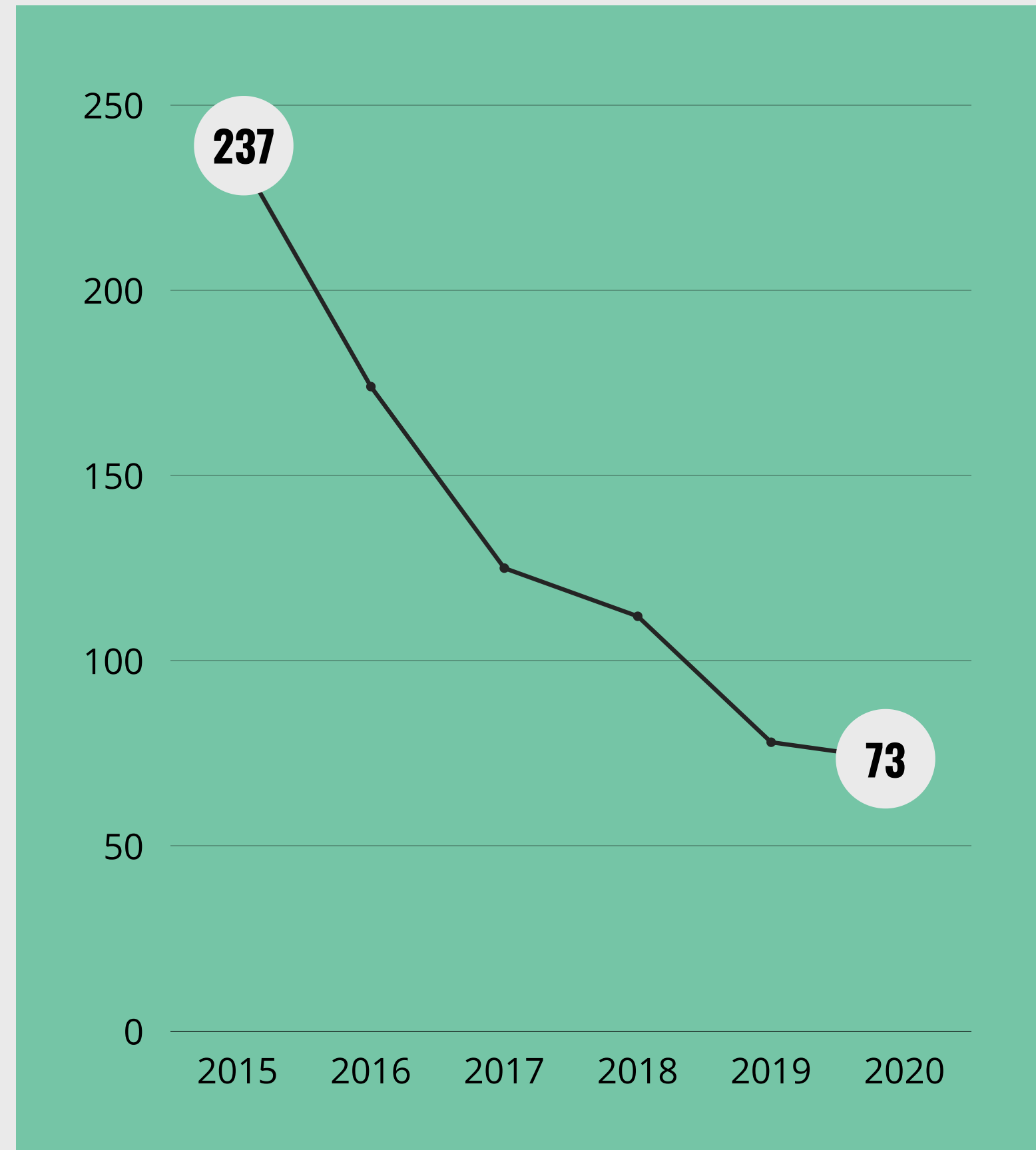
Homelessness on a Single Night in Central Virginia

A count on a single night of the persons in the City of Lynchburg and the four surrounding counties experiencing homelessness.

69% decrease in overall homelessness since 2015.



Source: US Department of Housing and Urban Development
Homelessness Data Exchange

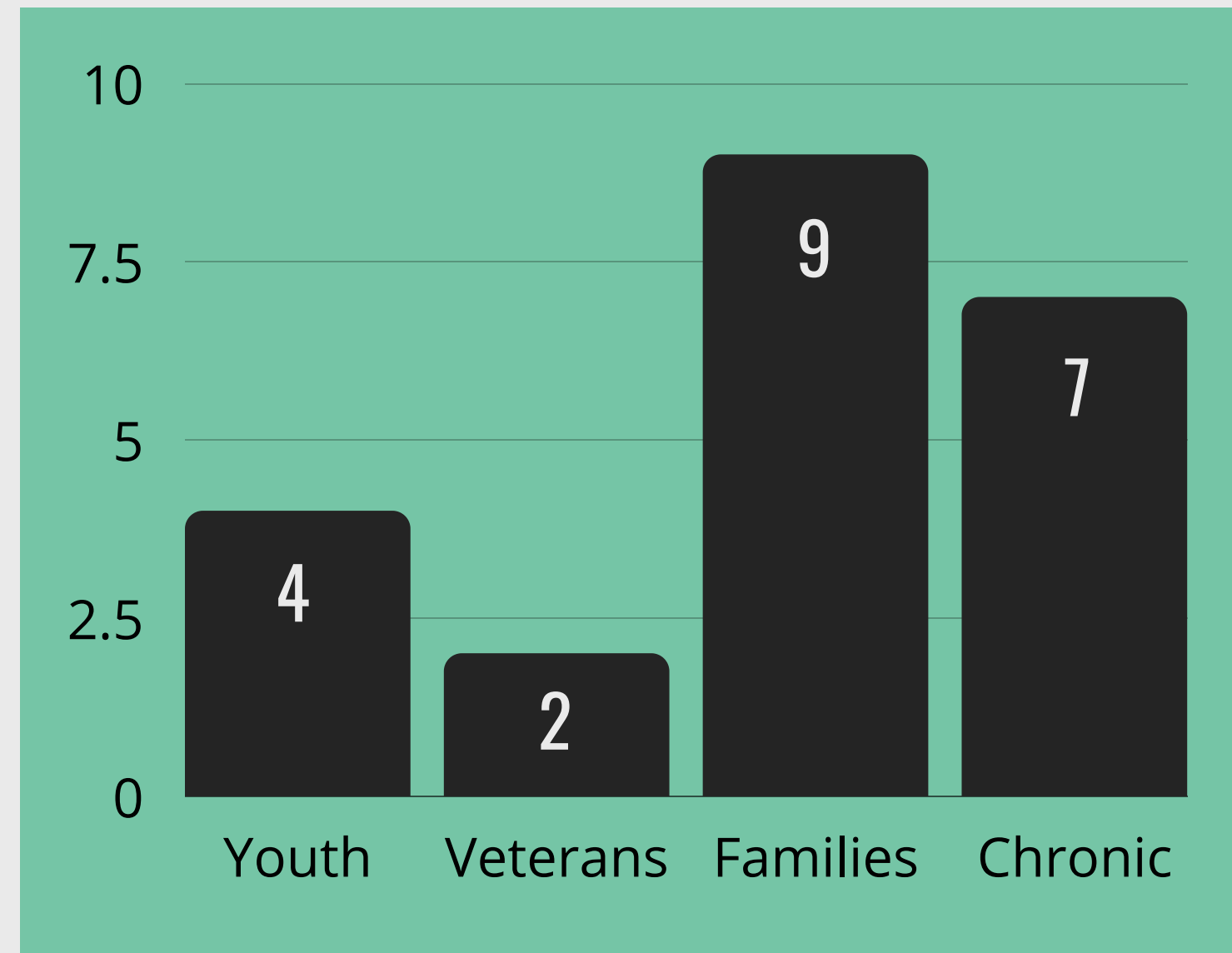


Homelessness on a Single Night in Central Virginia

Research indicates that homelessness presents greater risks for these subpopulations.

—

January 22, 2020



Source: US Department of Housing and Urban Development
Homelessness Data Exchange

Homelessness on a Single Night in Central Virginia

Priority Subpopulations



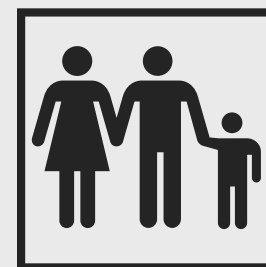
CHRONICALLY HOMELESS

36% decrease since 2015



VETERANS

89% decrease since 2015



PERSONS IN FAMILIES

71% decrease since 2015

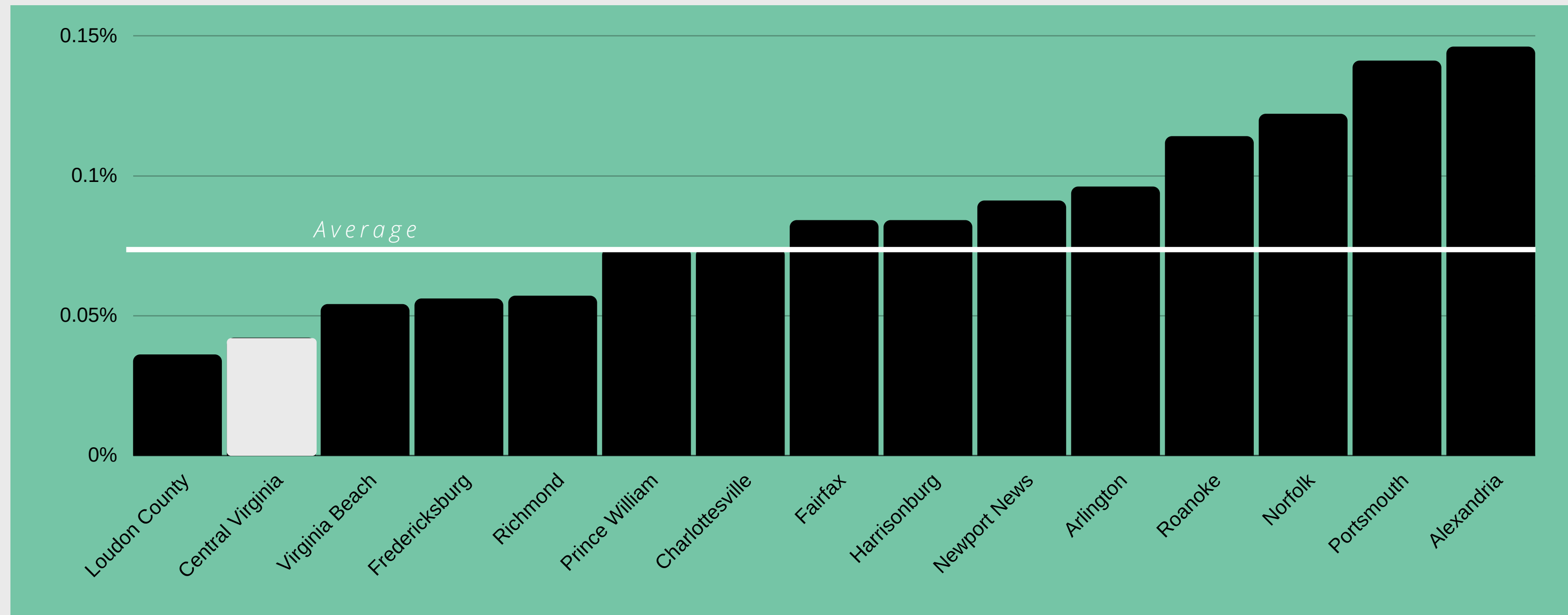


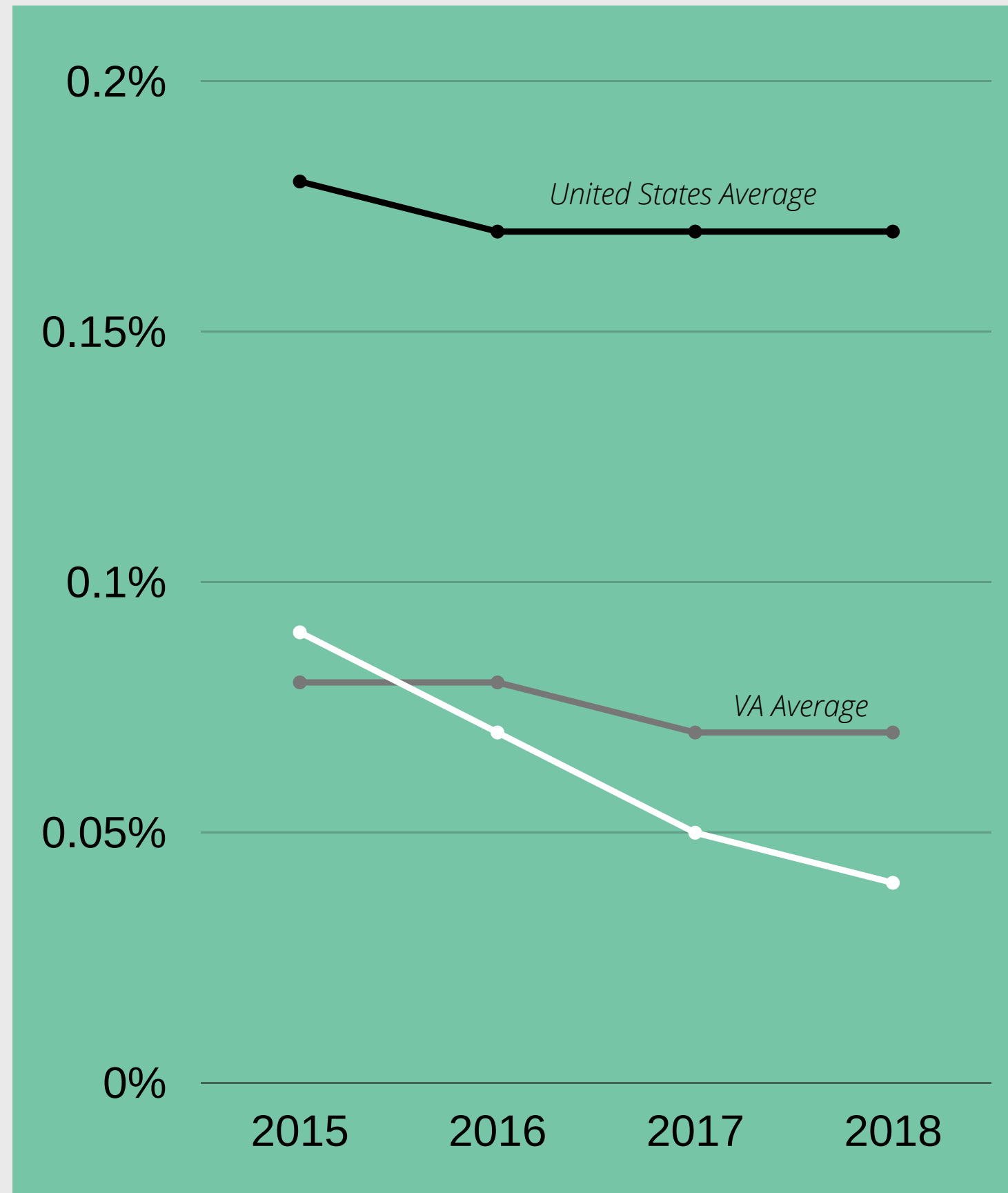
UNACCOMPANIED YOUTH

83% decrease since 2015

Per Capita

Compared to all the other CoCs in Virginia, the Central Virginia CoC has the 2nd lowest per capita homeless percentage.





Per Capita

Year over year, the CVCoC has reduced the per capita homeless percentage consistently lower than the United States average and lower than the Commonwealth of Virginia in 2016 to 2018.



1

Become more data driven

2

Increase prevention and diversion efforts

3

Expand permanent interventions such as supportive housing and rapid re-housing

4

Improve coordination with other systems of care (hospitals, jails, foster care, etc.)

Central Virginia CoC Strategic Plan to Prevent and End Homelessness: 2016-2019

Goals & Accomplishments

1

Developed program standards and policies for all homeless response programs to improve quality of services

2

Hired full-time CoC Coordinator to provide capacity, training, and oversight to the homeless response system

3

Launched a street outreach program to provide services and case management to persons experiencing unsheltered homelessness

4

Created a quality, real-time By-Name List of every person experiencing homelessness to better coordinate resources and housing

5

Reached functional zero for veteran homelessness

Central Virginia CoC Strategic Plan to Prevent and End Homelessness: 2016-2019

Additional Accomplishments

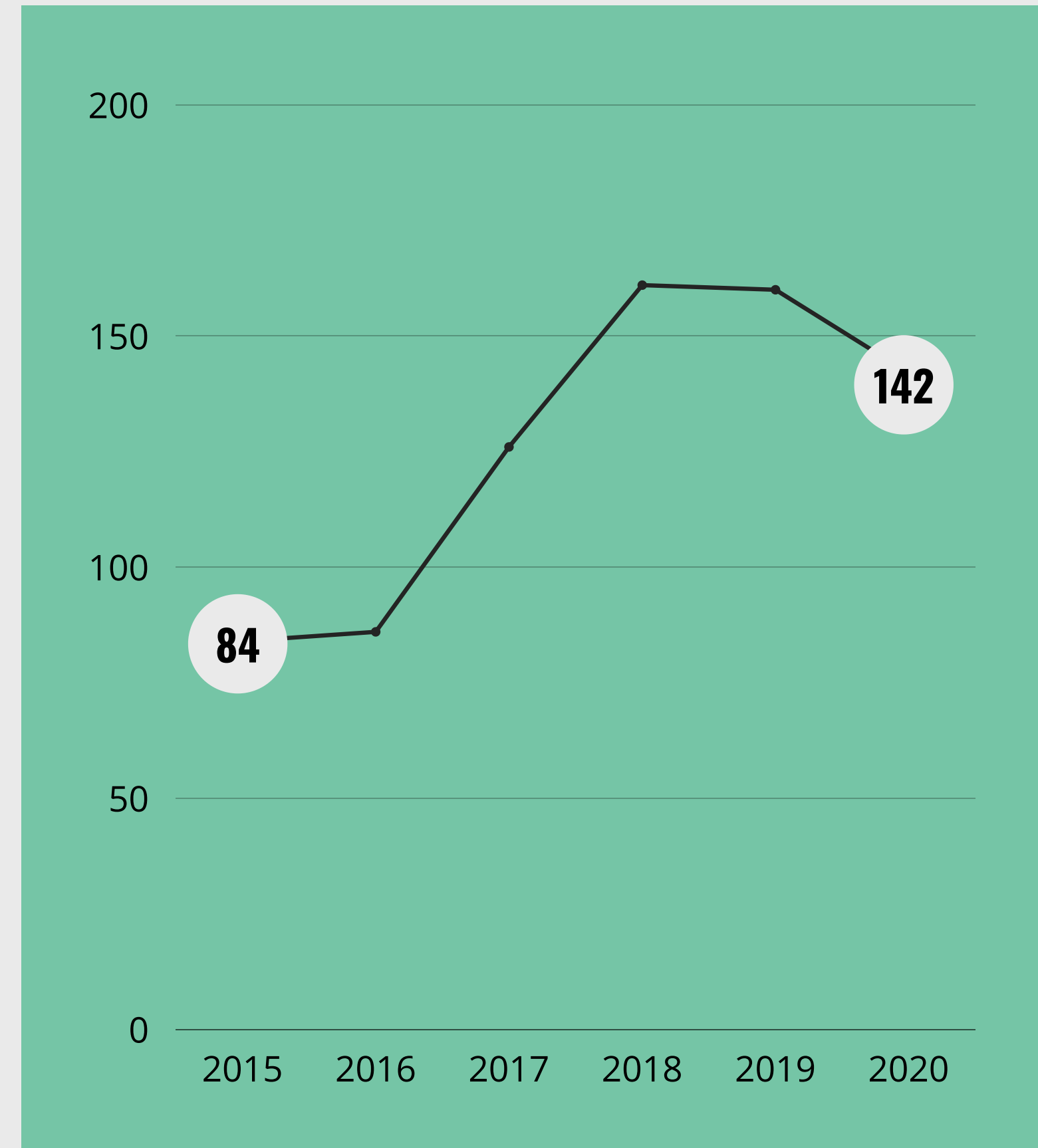
Permanent Housing Beds

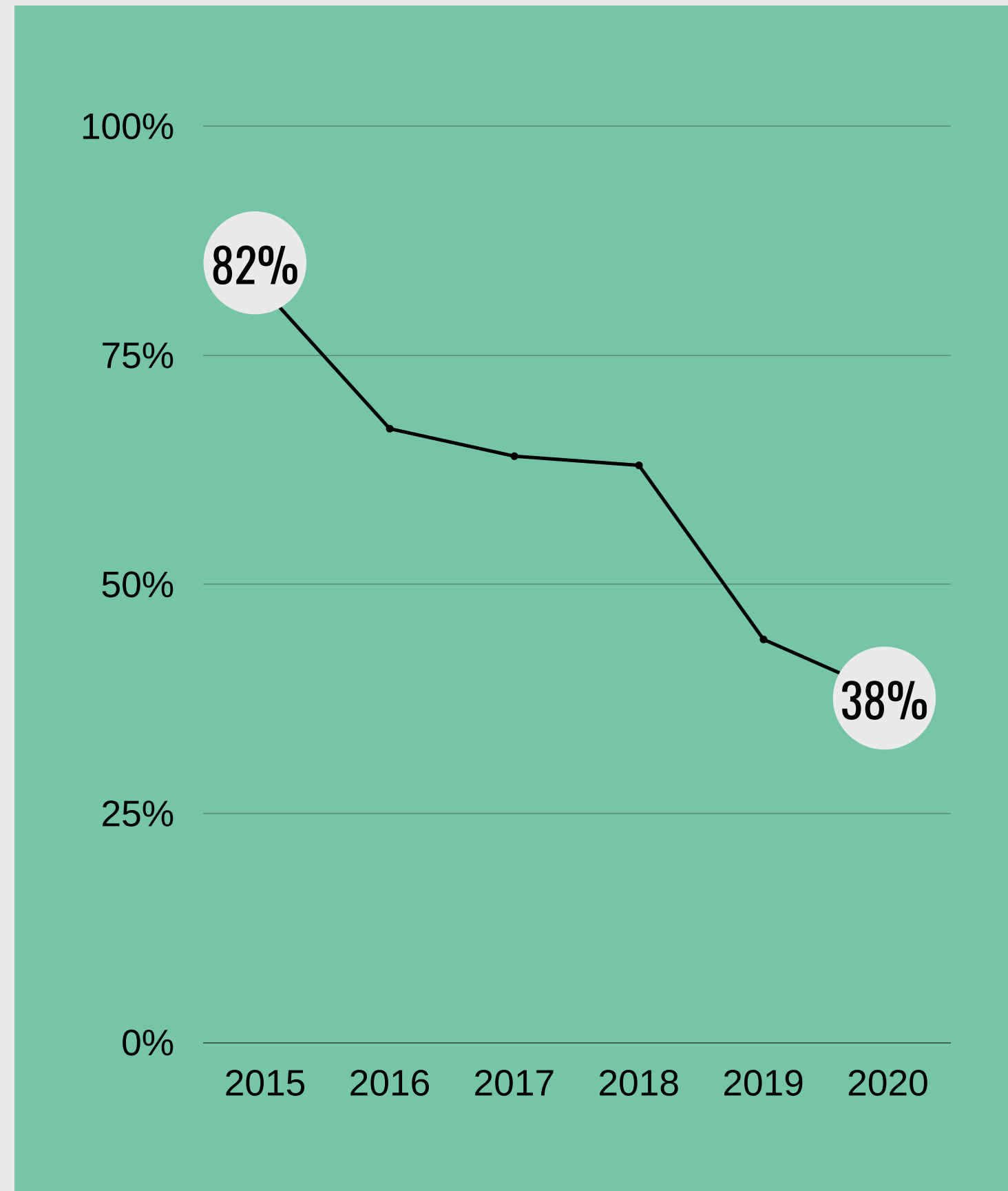
Over the last few years, the Central Virginia homeless response system has increasingly focused resources toward permanent housing opportunities such as supportive housing and rapid re-housing.

69% increase in permanent housing capacity since 2015.



Source: US Department of Housing and Urban Development
Homelessness Data Exchange

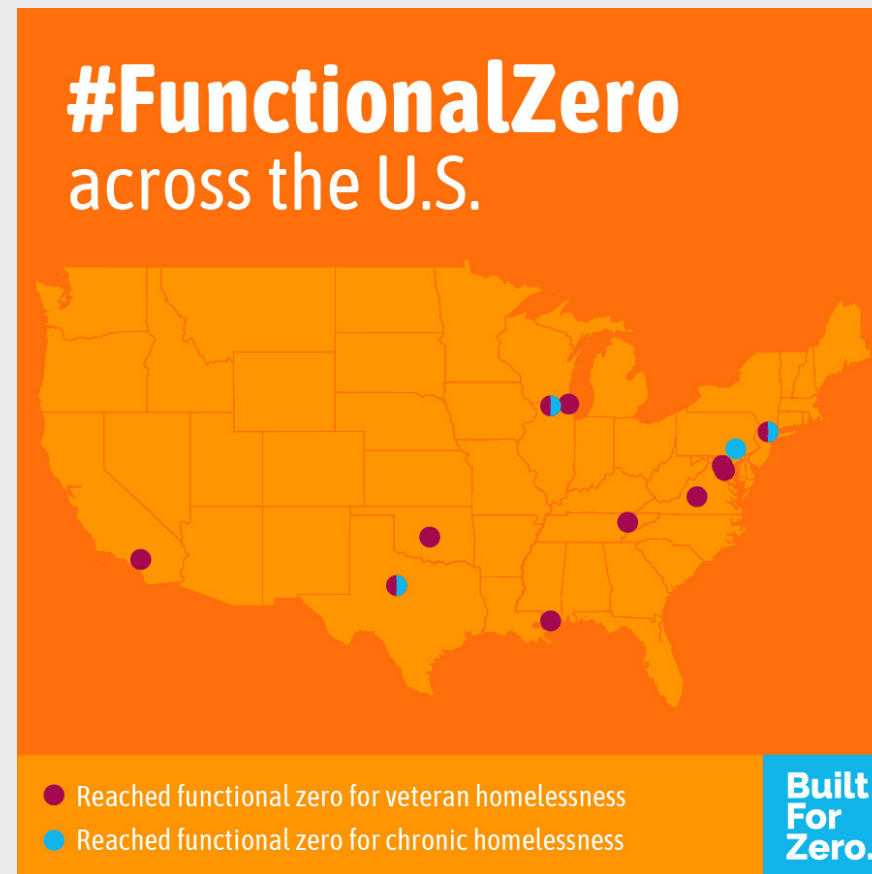




Decreased Shelter Occupancy

Since 2015, the CVCoC annual housing inventory count demonstrated that emergency shelters have decreased in occupancy as we have placed more focus on quickly offering housing to homeless households.

Functional Zero for Veterans



*The City of Lynchburg and the counties of Amherst, Campbell, Appomattox, and Bedford became just the **12th** community in the country to achieve **functional zero** for veteran homelessness, a dynamic measure for ending veteran homelessness that demonstrates that the community has sufficient housing resources to serve every homeless veteran household.*

*This milestone was achieved in **February 2020** and has been sustained throughout the COVID pandemic. The CVCoC is focused on protecting this achievement in the face of an expected inflow in homelessness from COVID-19.*



Functional Zero for Veterans

January 2019



Veteran partners began entering data into our homeless management database.

September 2019



Started weekly huddles for veteran housing plans and updates.

October 2019



Gained access to SQUARES to get information regarding Veteran status and eligibility for homeless programs.

February 2020



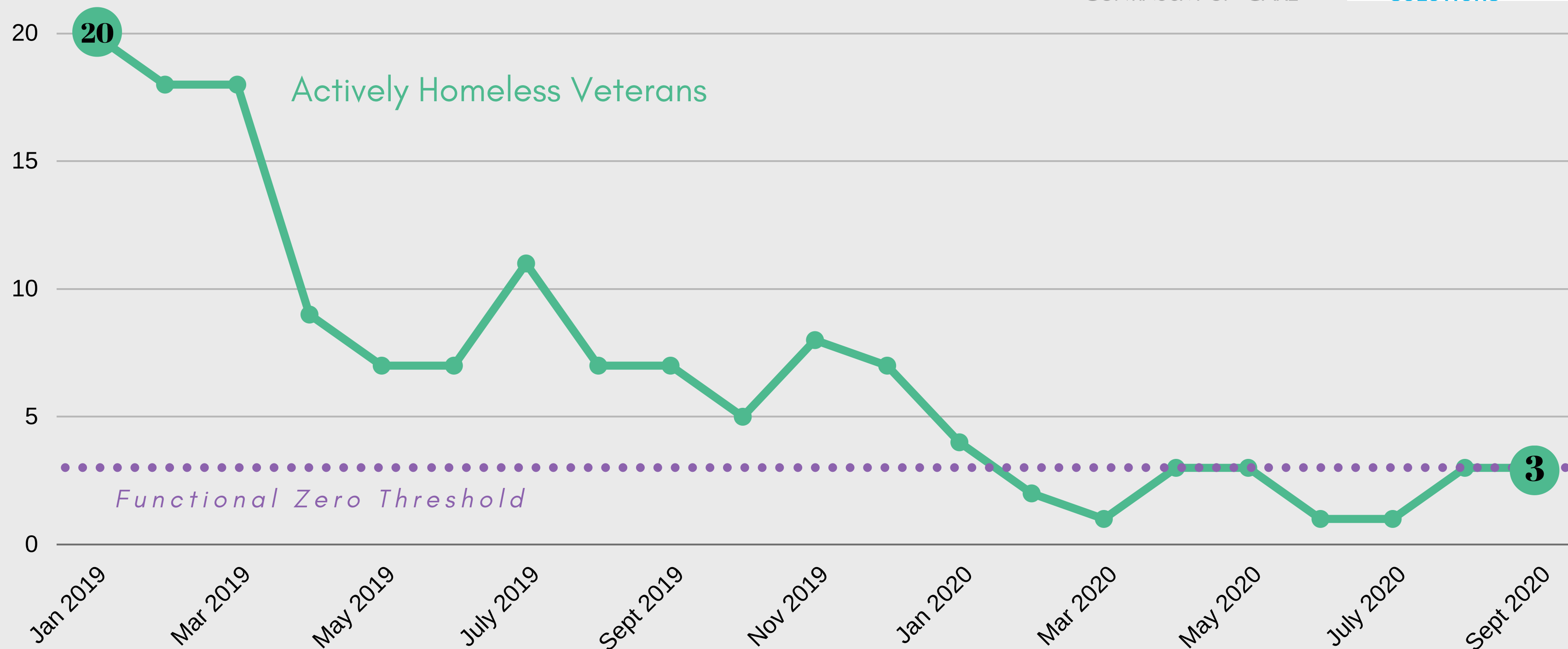
Reached Functional Zero for veteran homelessness.

August 2020



Announced our achievement and maintenance of functional zero for veteran homelessness.

Active Number of Homeless Veterans in Central Virginia



Homeless Response in Central Virginia | 2020



Worked with an AmeriCorps VISTA
Member to develop a new plan

Surveyed system consumers, front line
staff, and agency/CoC leadership

Conducted working group input sessions to share
survey results and conduct system analysis

34 representatives from local agencies/residents

CVCoC Strategic Plan to Prevent and End Homelessness: 2020-2023 Process

CVCoC Strategic Plan to Prevent and End Homelessness: 2020-2023

Major Goals

1

Reduce the number of households becoming homeless year over year **(strategies: 1.5, 2.4, 4.3)**

2

Increase the number of households gaining employment income **(strategies: 2.3, 4.2, 4.4)**

3

Reduce the overall length of time persons experience homelessness in the community **(strategies: 1.1, 1.4, 2.1)**

4

Increase the rate of exits out of homelessness into housing **(strategies: 1.2, 1.6, 4.2)**

5

Reduce the overall rate of formerly homeless households returning to homelessness **(strategies: 4.1, 1.3, 2.2)**

1

Expanded local financial resources to supplement state and federal grants

2

More affordable housing

3

Housing choice vouchers and subsidized housing set-asides for homeless

4

Increased employment opportunities for persons experiencing homelessness

**What
else will
it take?**

Questions?

CVCoC Lead:



Kristen Nolen

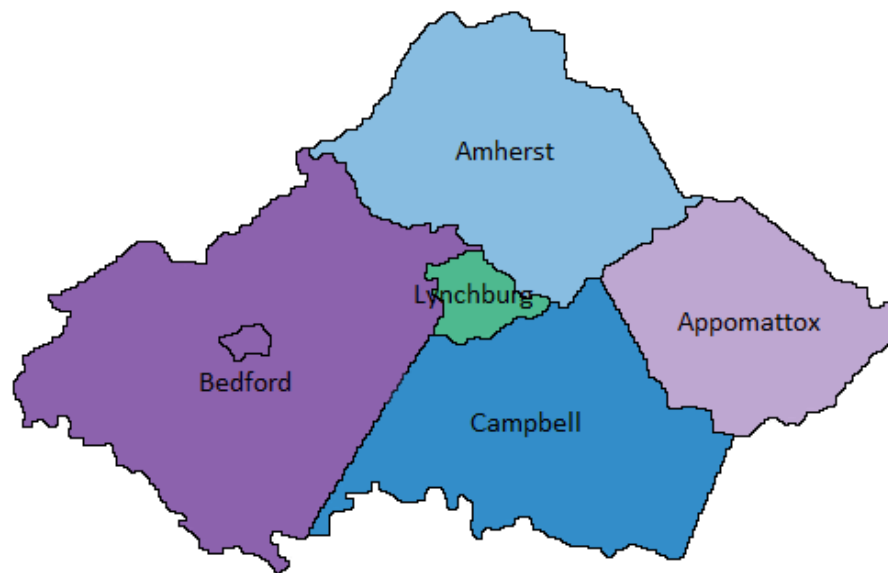
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CENTRAL VIRGINIA CONTINUUM OF CARE

Strategic Plan to Prevent and End Homelessness: 2020-2023



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Centra Health	HumanKind
Central Virginia Community College	Interfaith Outreach Association
Central Virginia Workforce Development Board	Johnson Health Center
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	Virginia Legal Aid Society
	YWCA of Central Virgin

Thanks!

Contributions to this plan were made by diverse stakeholders, including persons with lived experiences of homelessness, service providers, residents of the City of Lynchburg and Appomattox, Amherst, Bedford, and Campbell counties, and members of the Central Virginia Continuum of Care. Contributions to this plan were made by diverse stakeholders, including persons with lived experiences of homelessness, service providers, residents of the City of Lynchburg and Appomattox, Amherst, Bedford, and Campbell counties, and members of the Central Virginia Continuum of Care. Special acknowledgement is due to Olyvia Brown-Coles who served as the AmeriCorps VISTA with the Central Virginia Continuum of Care from August 2019- July 2020. Olyvia oversaw the development of the Central Virginia Strategic Plan to End Homelessness: 2020 and we are incredibly grateful for her leadership in this process.

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Introduction

In 1997, our community formed the Central Virginia Continuum of Care (CVCoC), which included one agency, Miriam's House. At the time, Miriam's House provided transitional housing and was the only of its kind receiving federal homeless assistance funding in the Central Virginia region. In twenty-three years, the CVCoC has grown dramatically in size and influence over homeless response in the Central Virginia region. Recognizing its growth, the necessity to think strategically about how regional partners could align efforts to prevent and end homelessness, and to comply with the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 requirement to engage in thoughtful systems-level planning—the CVCoC embarked on a strategic planning effort in 2015. In 2015, the CVCoC adopted the [Strategic Plan to Prevent and End Homelessness: 2016](#) and our community has since served 3,885 people!

Despite incredible success over the past three years, homelessness continues to be a crisis in the Central Virginia region. Our neighbors who are without homes need housing. Many also need jobs. We are a compassionate community that hurts for those living outside and in unstable housing. While we can celebrate with those who have found housing stability over the last three years, through the development and adoption of the Central Virginia Continuum of Care Strategic Plan to Prevent and End Homelessness:2020, we are recommitting to develop new partnerships and make a greater impact.

The CVCoC has taken a collective impact approach to ending homelessness in the City of Lynchburg and the Counties of Amherst, Appomattox, Bedford and Campbell that aligns strategy and funding toward shared outcomes. We realized a long time ago that we need to work collaboratively, across sectors and across the entire region, to end homelessness.

To make homelessness rare, brief and nonrecurring, we need to provide people with what they need to gain housing stability quickly. This is the responsibility of local governments, nonprofit providers, community members, and funders of homeless and housing services. Implementing more effective, efficient program models will allow us to serve more people and to serve them well.

Homelessness is solvable. Our community is one of 81 US communities working with the technical assistance provider Community Solutions through the Built for Zero initiative to improve our service system by adopting proven best practices, deploying existing resources more efficiently, and using real-time data to improve performance. The action planning and project execution work being done through the Built for Zero initiative aligns with and builds on the goals and supports strategies outlined in this strategic plan.

To make greater strides locally, we must address the symptoms while also working with others at the local, state, and federal levels to address the causes. We must commit fully to using the most effective, proven approaches to support people experiencing homelessness to quickly gain housing stability and employment, prioritizing those who are most vulnerable. **We will need the support and commitment of local, state, and federal elected officials to ensure housing affordability and the availability of safety net services. We save money and have a stronger community when people have a place to call home.**

Finally, we must energize and activate residents, businesses, and the faith community. **This plan seeks to build on our successes and mobilize public and private resources in the right order of magnitude over time to address unmet needs, to continue to implement strategies that work, think creatively, test new practices, and improve policies and programs. The strategic plan is meant to be a living document updated along the way to reflect learnings and evolving needs of our community.**

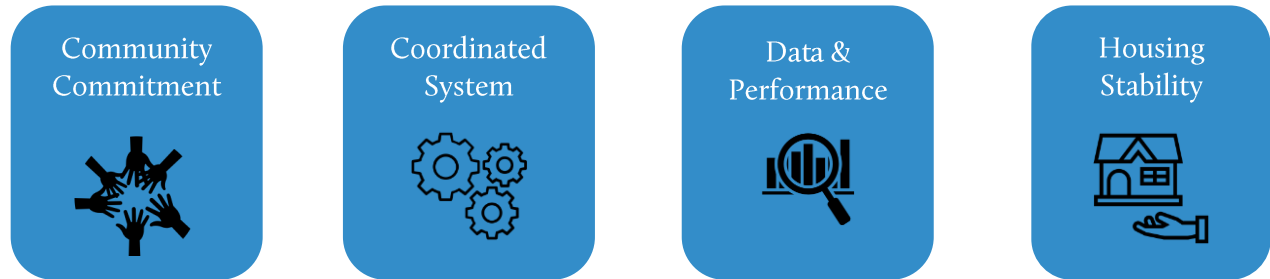
For a full list of the accomplished goals from Strategic Plan to Prevent and End Homelessness: 2016, please see Appendix 3.

Our Vision and New Plan

Our vision is for all persons and families experiencing homelessness in the City of Lynchburg and the Counties of Amherst, Appomattox, Bedford, and Campbell to have a permanent, safe, decent, and affordable place to call home by 2024.

On July 14, 2020 the CVCoC will launch this new three-year Strategic Plan to Prevent and End Homelessness to achieve its vision. This plan is a recommitment to our vision of ending homelessness, and to the steps needed to make this vision a reality.

This plan specifically outlines implementation of four elements that work together to end homelessness for individuals and families and make the community stronger for all. These components are:



What Principles Will Guide Us?

Our goals, strategies and outcomes provide us with a framework. Principles provide us with a foundation for our collective action over the coming three years. The following principles will guide us:

- Involve the full community, including those with lived experience of homelessness
- Promote equity and social justice in funding and program design to address racial disparities
- Address a person's unique needs and strengths by prioritizing appropriate housing stability mechanisms
- Prioritize those whose health and safety are most vulnerable
- Move people into housing first, and employment fast, by progressive engagement in services
- Utilize data-driven assessment of needs and outcomes to drive policy and investments

Why Plan? It's Smart and Required.

This plan is a community-wide strategic plan for addressing the crisis of homelessness in the Central Virginia region. The CVCoC, and its inclusive, growing membership, will provide leadership for the implementation of the plan. The implementation strategies must be tailored to the varied needs of people, including veterans, youth, families, single adults, and chronically homeless.

This plan fulfills requirements that local jurisdictions receiving federal and state grant funding must have a community plan for addressing homelessness. Beginning in 2000, the United States Interagency Council on Homelessness and the National Alliance to End Homelessness published their own strategic plans to prevent and end homelessness and have encouraged continua of care to embark on their own planning process to align with national strategies. With the HEARTH Act of 2009, HUD took this a step further, requiring that CoCs conduct planning initiatives to remain competitive for annual federal funding. Since then 300 communities around the United States, including 18 in Virginia, have created strategic plans to prevent and end homelessness.

The benefits of conducting a strategic planning initiative include:

- Creating a community dialogue on the local causes of and solutions to homelessness;
- Incorporating research-driven and outcome-oriented strategies for homeless prevention and assistance;
- Identifying new and evidence-based programs to assist those experiencing homelessness to access housing faster and maintain that housing;
- Bringing more partners to the table to coordinate and leverage existing resources;
- Streamlining services and supports for those experiencing or at risk of homelessness;
- Attracting new funds to combat the problem;
- Making preventing and ending homelessness a community priority; and
- Reducing the number of people experiencing homelessness.

Where are we?

Appendix 2 is the Central Virginia Continuum of Care System Map. It is the embodiment of the CVCoC housing and service providers' commitment to coordinate efforts and pool resources to systematically end homelessness across the Central Virginia region. The HEARTH Act of 2009 dramatically changed the way the federal government funds homeless assistance. Prior to the Act, homelessness was addressed through emergency shelters and transitional housing. Programs met basic needs and provided onsite life skills training and other treatment services until a person either exceeded program time limits or graduated out to permanent housing of their own. Over time studies showed that this "housing ready" approach was, at best, managing the homeless problem at high costs and with limited impact.

The HEARTH Act of 2009 transitioned communities away from the housing ready model to a more housing oriented approach to homeless response. The "Housing First" principles state that:

- Homelessness is not a lifestyle—it is an emergency;
- Homelessness is first and foremost a housing crisis and should be treated as such;
- Housing is a right to which all are entitled;
- People experiencing homelessness should be returned and stabilized in permanent housing as quickly as possible—no matter the circumstances.
- Programs should not screen out based on substance use, mental health, or similar issues. These issues and others that contributed to homelessness are best addressed once a person/family is housed.

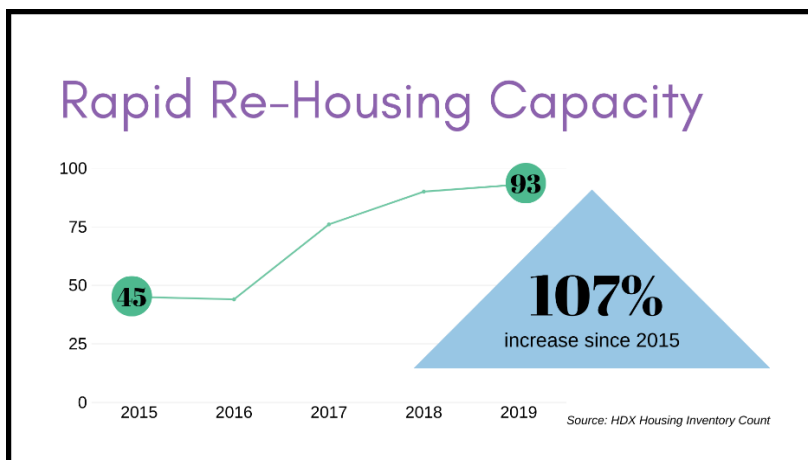
In 2014, the CVCoC adopted Housing First principles and required all projects funded through the CoC demonstrate implementation of these principles.

Since 2015, the CVCoC added four new Housing First programs:

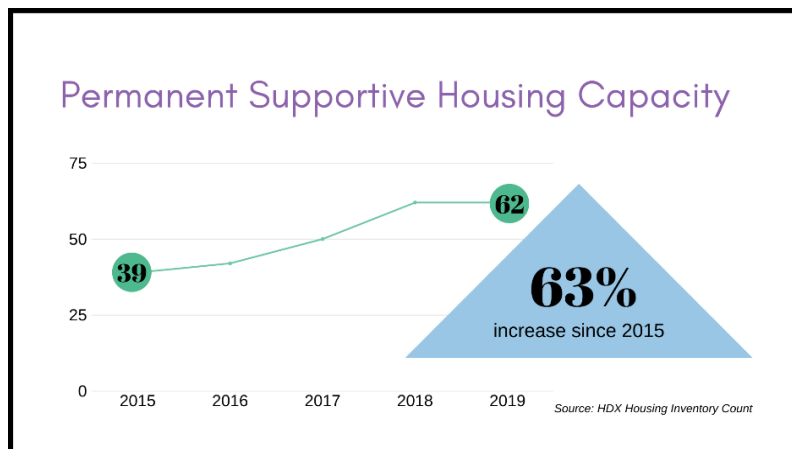
- Magnolia Street Supportive Housing —providing supportive housing for chronically homeless women
- Supportive Services for Veterans Families—providing rapid re-housing and homeless prevention for veterans and their families
- Veterans Affairs Supportive Housing—providing supportive housing for veterans and their families
- Homeless Outreach and Mobile Engagement—providing street outreach for unsheltered households

Permanent Housing Interventions

In the Central Virginia region, providers agreed the solution to homelessness is housing and the transition to “Housing First” meant creating rapid rehousing (RRH) programs and providing more permanent supportive housing (PSH). RRH is the newest housing model that provides move-in financial assistance, short-term rental assistance, and case management services to help homeless households find rental housing and work with case managers to stabilize in their new homes. From 2015-2019, rapid re-housing capacity through the CVCoC increased by 107%. This increase in capacity meant that 48 more households were served in the year 2019 than in the year 2015.



PSH similarly provides rental assistance and case management but for the most vulnerable, chronically homeless persons. Assistance, however, is not time-limited and high-need consumers can permanently remain in PSH units if they choose. From 2015-2019, PSH capacity increased by 63%. This increase in capacity meant that 23 more households were served in the year 2019 than in the year 2015. Along with emergency shelter, RRH and PSH rounded out a suite of housing and service options to address housing crises and instability for consumers of all needs.



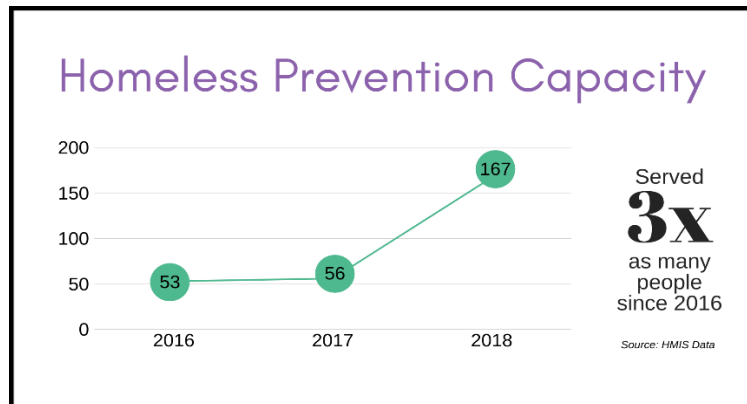
Community Coordination and System Development

Another major advancement in the transition to a “Housing First” response to homelessness is the CVCoC’s emphasis on meaningful community coordination and system development. The “Central Virginia Continuum of Care Access Points” diagram (Appendix 2) demonstrates how all programs are linked to provide immediate, coordinated access to services, assess people for their barriers to housing and level of need, and then refer them to a provider that can offer them housing assistance most tailored to their needs. The system is constructed to facilitate quick and effective access to permanent housing and supportive services if and when people experience homelessness.

Coordinated Homeless Intake and Access

In 2015, the CVCoC’s most progressive system advancement was its Coordinated Homeless Intake and Access (CHIA) program. Staffed full-time since 2015, the CHIA program is a centralized entry and diversion point for all households facing homelessness in Central Virginia. In 2019, CHIA coverage was expanded to 24/7. As the CVCoC homeless response system’s “Front Door”, CHIA diverts and prevents households from becoming homeless while also streamlining access and referrals for households experiencing homelessness to the other components of the system to shorten the amount of time they experience homelessness.

CHIA also performs the important function of preventing homelessness when possible and diverting households away from costly shelter and housing interventions when appropriate. From 2016-2018, homeless prevention capacity increased and served 3x as many people. Those that call CHIA and are not literally homeless but are imminently going to become homeless, are referred to homeless prevention services at Lynchburg Community Action Group (LynCAG) in an attempt to address the housing crisis and prevent the homeless episode before it occurs—also saving the system valuable time and resources in the long-term.



Whose Plan is This? Yours!

Funding is just a part of what makes a plan successful. Leadership and on-the-ground action are needed for implementation. This plan was created by the community, for the community.

The Strategic Plan to Prevent and End Homelessness: 2020 itself has minimal authority to make change. For example, it does not control the resources of the City of Lynchburg and the Counties of Amherst, Appomattox, Bedford, and Campbell. It does not operate the shelters or provide job training. The success of this plan is dependent on the development of an engaged community and building on a belief that we are better working together than in isolation.

Building on the Strategic Plan to Prevent and End Homelessness: 2016, the CVCoC partnered with the Virginia Housing Alliance (VHA) AmeriCorps VISTA program. This program provides an AmeriCorps VISTA member the opportunity to build capacity for the continuum of care. The CVCoC gave its VISTA member the opportunity to assist with the development of the strategic plan to prevent and end homelessness. Beginning in September 2019, the Planning Advisory Committee, comprised of CVCoC Board members, developed working groups and goals for the plan and invited Continuum of Care (CoC) members and community stakeholders to develop strategies and action steps to achieve its vision.

The Planning Advisory Committee in November 2019 requested feedback from CoC member agency leadership, front line staff, and homeless consumers on where the CVCoC is excelling in addressing homelessness and where there is room for growth. Three survey instruments were sent to CoC and housing/service provider leadership, front line staff and case managers, and consumers who have experienced or are currently experiencing homelessness in the Central Virginia region. The VHA AmeriCorps VISTA member aggregated the survey responses and provided each working group with the results relevant to their working group's purpose and goal. From January to March 2020, each working group met twice to develop strategies around specific components of the region's homeless response system. Agency representatives with knowledge of their group's subject matter focus chaired the working groups.

Towards the final point in the planning effort, the public, CoC general membership, and regional leadership convened at the July 2020 CoC Community Quarterly meeting for a forum to learn about the progress made and offer their own insights into the future direction of the CVCoC. The vision, goals, strategies, and action steps in this document are the culmination of this effort and will guide the CVCoC's efforts to prevent and end homelessness over the next three years. The Planning Advisory Committee will revisit the strategies and action steps to determine progress in the previous year, and to adapt strategies accordingly.

Our Neighbors in Crisis

The prevalence of homelessness is measured through two primary mechanisms, both of which are requirements for all HUD Continua of Care:

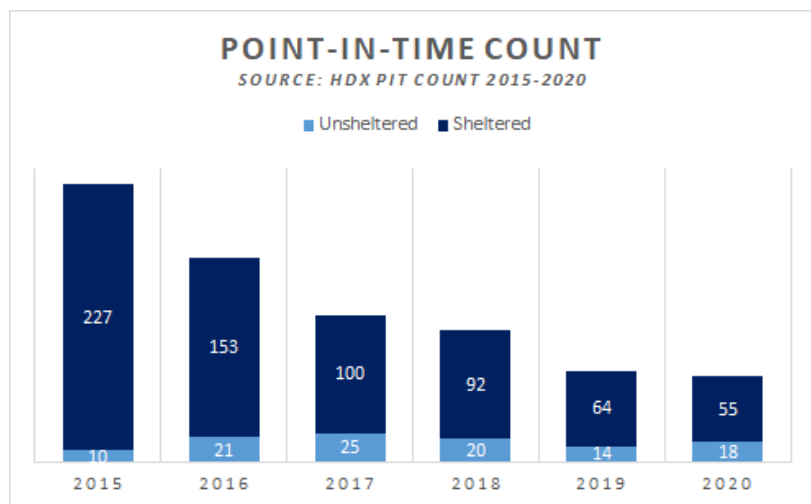
- Homeless Management Information Systems (HMIS), which collects data on the needs of consenting individuals seeking homeless services and measures their progress towards stable housing and other outcomes. The CVCoC has designated Miriam's House to administer their HMIS.
- Point-in-Time (PIT) Count, which provide counts of sheltered and unsheltered people experiencing homelessness on a single night. The CVCoC established a PIT Committee that leads the planning and implementation of the annual PIT count.

The CVCoC measures its progress in ending homelessness by whether homelessness is rare, brief, and nonrecurring. In addition, per this plan, CVCoC will set performance measures that focus on increasing housing stability, community commitment, using data more widely, and coordinating our system.



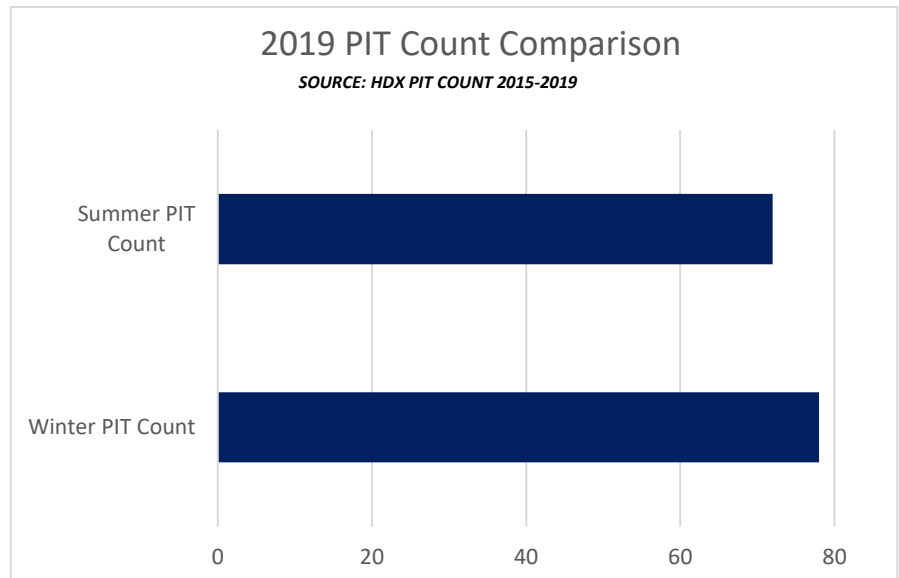
individuals are anonymously asked to provide information about themselves and the circumstances surrounding their housing crisis. Data on those staying in emergency shelters and domestic violence shelters are provided through the HMIS and shelter providers. The PIT count does not include those in rapid re-housing (RRH) or permanent supportive housing (PSH) programs, as these individuals are permanently housed and are no longer considered homeless.

Local Point-in-Time Data: During the last week of January, HUD requires all continua of care around the country to conduct an annual survey of those experiencing literal homelessness within our regions. Over a 24-hour period, volunteers canvas the community to conduct one-on-one surveys with everyone experiencing homelessness. Whether they are living outside, in a car, abandoned building, all homeless



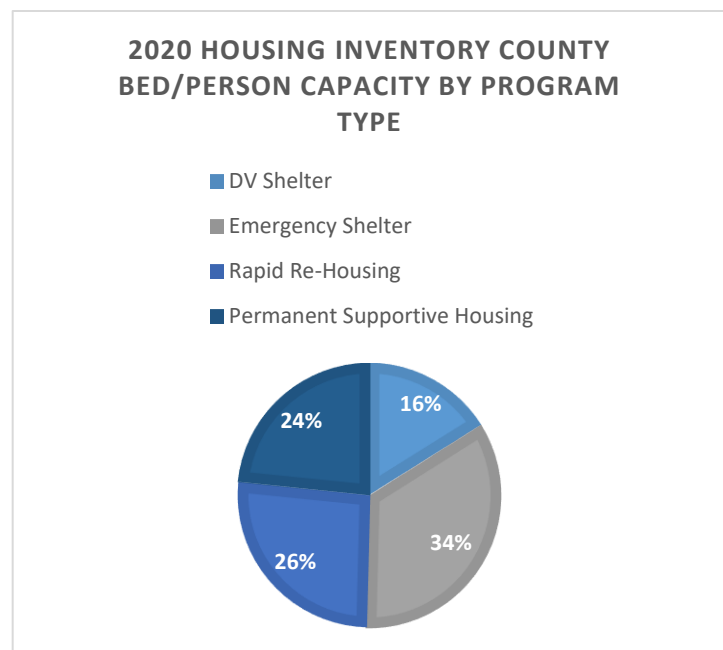
On January 22, 2020, the CVCoC conducted its annual PIT Count and Housing Inventory Count (HIC). **As the chart demonstrates, from 2015-2020, the Central Virginia region's overall homelessness has decreased by 69 percent.** This is a wonderful achievement as the total number of persons experiencing homelessness decreases year-over-year. The Housing Inventory Count and Longitudinal System Analysis discussed in the subsequent sections help to put some context around the PIT count and the state of CVCoC's response to homelessness.

In addition to conducting the January PIT Count required by HUD, the City of Lynchburg requested that the CVCoC conduct a summer PIT Count, in July 2019, to better understand the number of people who experience homelessness in the summer compared to the winter. On July 23, 2019, the CVCoC conducted its first summer PIT Count. As the chart demonstrates, in January and July, our PIT numbers were at 78 and 72 people, respectively. This represents a 6 person variance between the summer and winter counts.



Local Housing Inventory Count Data: In addition to the annual PIT count, HUD requires CoCs to conduct an inventory of all transitional housing, rapid re-housing, permanent supportive housing, and emergency shelter units/beds and whether they were utilized on the night of the PIT count. It is important to note the CVCoC no longer utilizes the transitional housing model as emerging evidence demonstrates greater success with rapid re-housing and permanent supportive housing for long-term housing stability. The HIC is important for two key reasons:

- It identifies the portfolio of housing and shelter beds/units available for use by the homeless response system (and any changes from the previous year).
- It identifies how well agencies are utilizing available bed space.

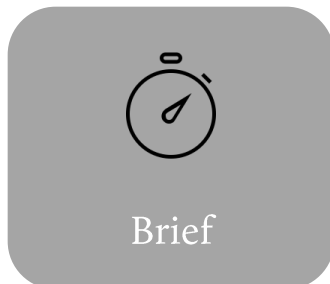
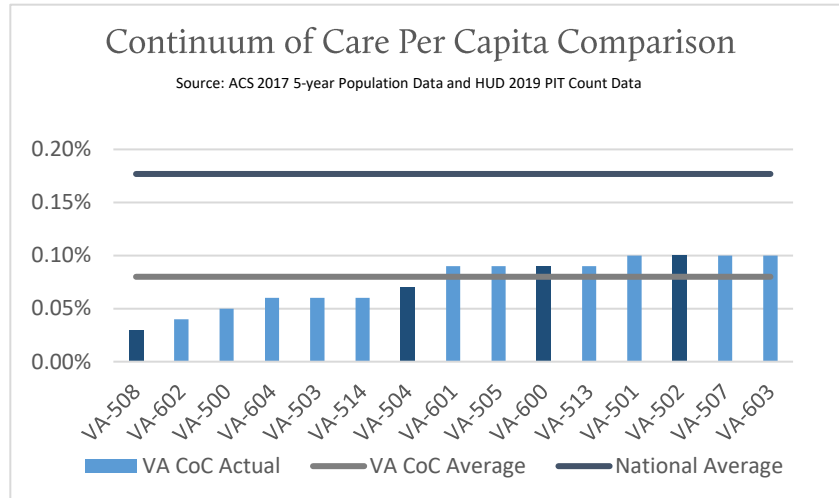


Separately, the HIC and PIT count are helpful tools for systems planning, but analyzed together, they can expose system barriers for getting people out of homelessness and into their own permanent housing as quickly and effectively as possible.

The CVCoC also conducted its HIC on January 22, 2020. With that data, the CVCoC found that **shelters were not operating at full capacity**. In fact, the emergency shelters vacancy rate showed that 62 percent of shelter beds were empty on the night of the count. The level of vacancy indicates a decreased need as well as the existence of barriers as there were unsheltered persons identified at the time of vacancy.

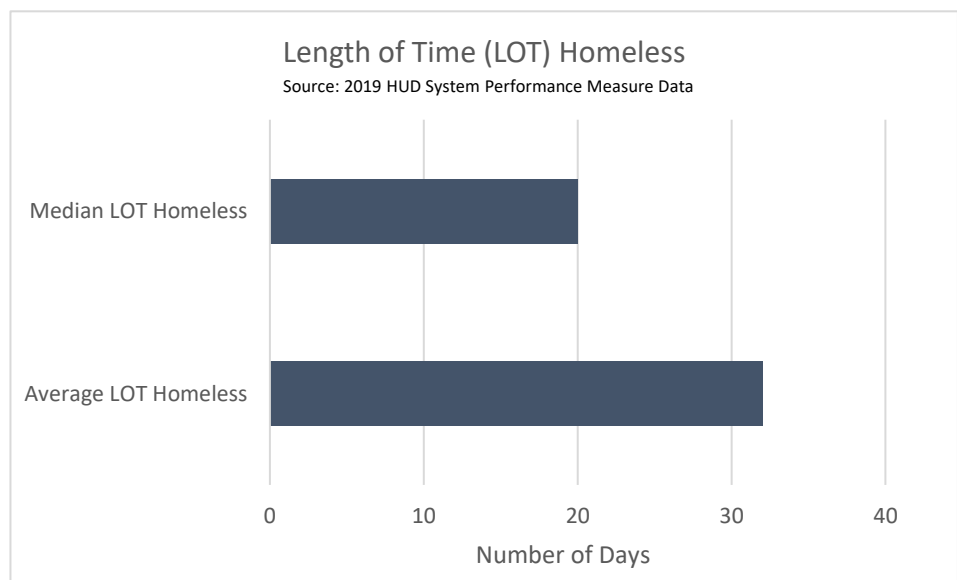
Per Capita: Although the prevalence of homelessness is primarily measured through two mechanisms, the CVCoC explored the number of persons per capita that experienced homelessness in the Central Virginia region. This analysis used PIT data and American Community Survey data to determine the number of homeless persons and total population, respectively. Per capita analysis is important as it identifies and compares the

percentage of homeless persons in the general population. Generally, populations do not increase drastically; therefore, it provides a consistent measure to assess increases or decreases in homelessness over time. The CVCoC used this metric to compare its per capita homeless percentage to other Virginia CoCs, the State of Virginia, and the National per capita percentage. As the graph highlights, the CVCoC (VA-508) had the lowest percentage of homeless persons compared to other Virginia Continua of Care and was below the VA CoC average and the National average. Notably, the CVCoC has experienced steady decreases in the percentage of homeless persons, which is also reflected in decreased PIT numbers.



How long are People Homeless?

Homelessness is **brief** in Central Virginia: on average, in 2019, each person experienced homelessness for about 37 days before finding permanent housing. When homelessness is shortened, people are safer, and more people can use limited resources.





How Many People Are Getting Housed, and How Many Become Homeless Again?

In 2019, 284 people exited homelessness to a permanent housing destination.

To ensure homelessness is rare, brief, and nonrecurring, CoCs look at the rate of returns to homelessness from permanent housing exits within 6 months, 12

months, and 24 months. In 2019, 12 persons returned within 6 months, 18 returned within 12 months, and 35 returned within 24 months. Overall, in 2019, the CoC witnessed a 23% recidivism rate within 24 months. The CoC's recidivism rate is lower than the national recidivism rate with about 34% returning to homelessness within 24 months.



When homelessness is a one-time only occurrence, people can stabilize and public services such as shelter, emergency rooms, and jails are less frequently accessed.

Survey Highlights

The following section provides highlights and themes resulting from the consumer, front line/case management staff, and CoC agency leadership surveys conducted in October 2019.

Consumers

In October 2019, 27 current and formerly homeless consumers with experience navigating the CVCoC homeless response system provided their thoughts through a survey on where the system was functioning well and where it could improve its response to housing crises. Of the consumers that responded to the survey, 23 were currently housed and accessed their housing through the Central Virginia region's homeless response system.

Both currently housed consumers and those who are currently experiencing homelessness were asked to identify from a list of options the services and assistance they were offered and most need(ed) to obtain housing. Consistently at the top of the list were (in descending order of frequency):

- Rental assistance;
- Funding for assistance other than rent- deposits, utilities, etc.;
- Case management;
- Help finding a job;
- Help with budgeting.

Consumer respondents consistently reported that housing affordability and supportive services were most integral in addressing their housing crisis and for long-term stability in their new housing. They recognized their need for help with rent, mental health, and life skills to end their homelessness, and the majority, 88 percent, were satisfied with the assistance they received once becoming homeless. Comparatively, a vast majority, 77 percent, either agreed or strongly agreed it was easy to find homeless services. *See the Appendix for complete analysis of survey results.*

Front Line Staff

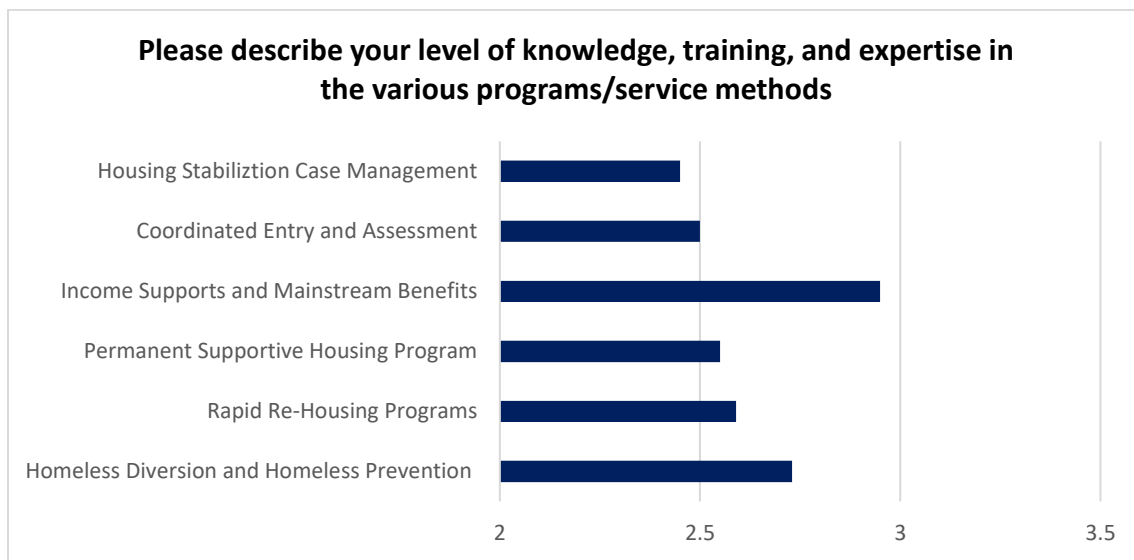
The second round of surveys were given to CVCoC front line staff who are the individuals working directly with homeless consumers. Twenty-two staff responded to questions covering levels of awareness, expertise and knowledge; awareness of system-wide processes to prevent and end homelessness; and perceptions of where the system has excelled from 2016-2019 and where they recognize room for growth in the homeless response system. Overall, respondents showed a high level of awareness and involvement in coordinated systems-level processes such as community case conferencing, and most agreed that providers work together to plan and coordinate homeless services. However, there was less consensus around the system's effectiveness. See Table on Page 12 for detail on these responses (*rating on a scale of 1-Strongly Disagree to 5- Strongly Agree*).

Answer Options	Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree	Rating Average
The homeless response system uses a standard assessment tool to prioritize services based on the household's vulnerability and need.	1	0	6	12	3	3.73
Services offered are ones that consumers need to obtain and sustain housing.	0	1	4	12	5	3.95

The homeless response system employs strategies to prevent people from losing their housing and diverts them away from the shelter system.	1	5	5	7	4	3.36
Formerly homeless households are successful in remaining housed.	0	2	14	6	0	3

Although 77 percent of staff agreed that services offered are ones that consumers need to obtain and sustain housing, less than half, 41 percent, agreed that these services are designed and administered to get them into permanent housing quickly. This indicates that staff may think services are in place but question the system's ability to quickly and effectively connect these services with consumers to obtain housing. Some of this could stem from a perceived lack of affordable housing in the community—77 percent of staff disagreed or strongly disagreed that the community has an adequate supply of affordable permanent and permanent supportive housing to accommodate each household's needed level of support.

Finally, the staff was asked to provide self-assessment of their knowledge, training, and expertise on several best practice programs and service delivery models. Across the board, respondents feel their training and abilities are rudimentary, with 63 percent having basic or moderate knowledge, expertise, and training. This coupled with the fact that about one third agreed that case managers are adequately trained and skilled to stabilize formerly homeless households to permanent housing, indicates there may be a need to expand training around our system. See the Chart below to view the weighted average of all staff responses for each program/service method.



(Scale of 1- little to no knowledge, expertise, or training to 5- expert knowledge, expertise, and training)

Continuum of Care and Agency Leadership

When contrasting the answers to the same questions, CVCoC homeless response leaders generally held a more positive view of the system's effectiveness than their staff.

In response to a statement that providers use standard assessment tools to prioritize housing placement and services based on the household's vulnerability and need, roughly 83 percent of directors and CVCoC leadership either agreed or strongly agreed compared to 68 percent of staff respondents. When asked if the community

employs strategies that prevent people from losing their housing and diverts them away from the shelter system, roughly 93 percent of leaders agreed or strongly agreed compared to 68 percent of staff. These results indicate that systems planning and conversation around unifying the providers' efforts has not been relayed to staff within each of the component programs. However, the gaps have decreased since the 2016 Strategic Plan; thus, planning and conversations have increased.

Although 93 percent of leaders agreed or strongly agreed that service providers plan and coordinate well to end homelessness, approximately 43 percent either disagreed or strongly disagreed that all necessary partners are at the table and share the same vision. This indicates that system leaders are collaborating; however, more partners and a shared vision is needed. Compared to the 2016 Strategic Plan, leadership responses regarding the local system's ability to make homelessness rare, brief and non-recurring increased from 45 to 80 percent, respectively. This increase indicates CoC leadership and agency leaders have bought into the system and shows how collaboration among community members works to make homelessness rare, brief, and nonrecurring in the Central Virginia region.

Goals, Strategies, and Action Steps

Community
Commitment



Coordinated
System



Data &
Performance



Housing
Stability



The realization of the goals in this section will effectively end homelessness in the Central Virginia region. The CVCoC's accelerated growth in size and sophistication over the last decade is a testament to what systems-level planning, coordination, and funding can achieve in a relatively short time, and this plan is the next step in that growth. The strategies and action steps listed here are the community's most-informed strategies and have set the CVCoC's priorities for the next three years. They will be revisited regularly and honed, revised, or changed to reflect the CVCoC's growth until it has achieved its vision for the Central Virginia region. **Please see Appendix 4 for a descriptive list of CoC committees and meeting frequency.**

Scope

This is not a ten-year plan to prevent and end homelessness. The national response to homelessness is more dynamic than ever, and Virginia's recent and unprecedented success in reducing homelessness is attributed to communities' ability to quickly adapt and evolve with best practice and changing policy. Therefore, communities must apply the same formula in their strategic planning efforts if they hope to stay adaptable and remain competitive for future funding. This plan is an update from the Strategic Plan to Prevent and End Homelessness: 2016. This plan was developed to guide the CVCoC's implementation of best practice solutions over the next three years while also staying focused on long-term goals that will help the Central Virginia region arrive at its effective end to homelessness.

Working Groups

This plan is made possible through the commitment of working group chairs and participants, both from within CVCoC member agencies and the surrounding community. Each group focused on one of four areas including community commitment, coordinated system, data and performance, and housing stability strategies. Participants were led in a facilitated conversation to develop realistic and impactful action steps for CVCoC committees and member agencies to undertake over the next three years that will significantly advance the CoC's vision to prevent and end homelessness for all in the region by 2024.

For the 2020 Strategic Plan to Prevent and End Homelessness, committee leaders and members are tasked with prioritizing actions in support of strategies. **For a list of frequently used terms, please see Appendix 5.**

Community Commitment



GOAL: Build community awareness and support for our homeless response system to focus on housing stability and changes needed to prevent and end homelessness.

Often, homeless response systems are comprised of nonprofit homeless service providers and local government representatives. Because homelessness is the result of multiple systems of care failing and a lack of community priority on adequately addressing the issues, more stakeholders need to be at the table. Regarding the system map, see Appendix 2, the Community Commitment Working Group operates throughout the system. It ensures the various sectors that interface with our homeless populations are aware of the access points, expands CoC membership to include those in the housing market and major institutions, as well as educates staff at local business to understand the system and available resources. The Community Commitment Working Group provided ways to engage other stakeholders and resources around the unified vision to prevent and end homelessness for the entire Central Virginia region.

1.1 Increase community awareness of the homeless response system, its purpose and services

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Work closely with emergency responders (i.e. Police, Fire/EMS) to establish regular cross-training and coordination meetings	CoC Lead	Ongoing
Coordinate with city departments to ensure unsheltered persons are accessing HOME	CoC Lead	Quarterly
More widely distribute system map	Community Commitment Committee	Ongoing
Share information and statistics on homelessness	HMIS Lead CoC Lead	Ongoing
Expand Facebook presence with pushing out data, resources, and success stories	CoC Lead	Ongoing
Assess social media presence	CoC Lead	Ongoing
Coordinate with Downtown Lynchburg Association and other business partners to provide information on homeless resources	Community Commitment Committee	Quarterly
Provide trainings on “what to do when you interact with someone experiencing homelessness” to other systems of care	CoC Lead	Ongoing
Small cards with information to be given to homeless person by first responders	Community Commitment Committee	Ongoing
Post access points infographic in public places	Community Commitment Committee	Once
Provide press releases on relevant community information such as PIT, federal and state funding, etc.	CoC Lead	As needed
Use the CoC Quarterly Community meeting to recruit attendees for membership	CoC Lead	Quarterly
Engage City Council by presenting the State of Homelessness and the Strategic Plan to Prevent and End Homelessness	CoC Lead	Annually
Assign committee duties to each of the various committee chairs focusing on participation gaps that are limiting the effectiveness of the committees	CoC Board	Once

1.2 Expand collaboration to increase access to affordable housing for persons at-risk of or experiencing homelessness

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Recruit landlords, developers, and property managers to join the CoC	Community Commitment Committee	Ongoing
Advocate with subsidized housing providers to adopt a homelessness preference	Community Commitment Committee CoC Board	Ongoing
Advocate with the Affordable Housing Resource Center to expand landlords willing to accept vouchers	Community Commitment Committee	Ongoing
Partner with Virginia Legal Aid Society and their Campaign to Reduce Evictions to prevent homelessness	CoC Lead	Ongoing
Partner with Lynchburg Housing Collaborative to expand affordable housing in the region	CoC Lead	Ongoing
Attend LRHA HCV landlord meetings to educate them on CoC housing needs and resources	CoC Lead	As offered

1.3 Expand CoC membership to include major institutions and other systems of care

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Invite organizations to become active members—police departments, sheriff departments, jails, EMS, health systems, and local businesses	Community Commitment Committee	Quarterly
Better engagement with County representation	CoC Lead Community Commitment Committee	Ongoing

1.4 Educate staff, in locations where homeless persons congregate, on the homeless response system and resources

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Identify locations where homeless persons congregate and offer resource information and training on access points to decrease criminalization of homelessness	CoC Lead Street Outreach	As needed
Provide businesses and establishments with small resource cards about CHIA and how to access the homeless response system	Community Commitment Committee	Once

1.5 Work closer with institutions to ensure discharges are not to homelessness (i.e. hospitals, jails, foster care)

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Improve coordination with health systems to ensure medically fragile homeless individuals have appropriate resources for discharge	CoC Lead	Ongoing
Provide comprehensive diversion strategies to the community	Community Commitment Committee	Ongoing
Conduct analysis of “prior living situation” data to understand institutional discharges to homelessness	HMIS Lead	Ongoing
Expand CCR membership to include hospitals, jails, and foster care	Community Case Review Coordinator	Quarterly

1.6 Collaborate with community organizations to end homelessness

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Encourage Horizon to apply for PATH funding to offer mental health services to unsheltered persons and other homeless response grants available to Community Service Boards	CoC Board CoC Lead	Once
Provide training to Horizon staff to better coordinate	CoC Lead	As needed
Invite workforce development staff to attend Community Case Review to better coordinate services	CCR Coordinator	Ongoing
Invite workforce programs to have office hours at shelters	CoC Lead	Ongoing
Continue cross-system training with workforce	CoC Lead	Ongoing

Coordinated System

Coordinated System



GOAL: Coordinate the existing homeless response system to ensure a streamlined process for accessing services and housing supports to reduce duplication and gaps in service.

The “Front Door” to the homeless response system is one of the most pivotal components, and one of the more difficult to perfect. Coordinated access that prevents homelessness from occurring; diverts those that may not need intensive housing and services assistance; triages a person’s needs and connects them with the correct housing and service program as quickly as possible can eliminate unnecessary burden on the rest of the system resources. The system map, see Appendix 2, illustrates how consumers gain access to our system and services. The Coordinated System Working Group developed a list of strategies that will strengthen CHIA and prevention providers’ ability to address more housing crises at the system’s point of entry—shortening the time those households are in crisis; reducing burden on the rest of the system to serve them; and freeing up crucial resources for higher need, high priority households. Additionally, this group operated to analyze shelter barriers and continuously work to strengthen our access points while furthering the systems’ understanding of prevention and diversion throughout the process not only at the front door.

2.1 Increase access to shelter

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Meet with non-CoC funded shelters to discuss barriers to admission and solutions	CoC Board	Ongoing
Increase CoC-funded shelter capacity to serve persons experiencing serious mental illness by providing mental health training, partnering with local universities, and on-site provision of Horizon services	Training Committee Shelter administration	Ongoing
Use HMIS to fill shelter beds so inventory/capacity is understood in real-time	HMIS Lead CHIA Shelter administration	Ongoing
Better understand persons not served by the homeless response system	CHIA Homeless and Housing Services	Ongoing
Provide front line staff with crisis intervention/de-escalation training	Training Committee	Annually
Determine how many homeless people are pet owners and the barrier to shelter; consider including pet ownership in supplement to safety and diversion screen	Homeless and Housing Services	Ongoing

2.2 Continue to improve the quality of homeless services

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Increase use of peers/lived experience with homelessness within homeless services, including mental health and addiction	Program administration	Ongoing
Review and summarize CoC participant surveys to develop common themes and suggestions	CoC Lead CoC Board	Semi-annually
Participate in regular front line staff training offered by industry leaders and experts (VHA, National Alliance for Homelessness, USICH)	Program administration	As offered

Review and analyze system performance outcomes to identify areas needing improvement	HMIS Lead	Annually
Improve outcomes for the four priority subpopulations	Program administration	Ongoing
Assess vulnerability of other populations to explore expanding subpopulations	CoC Lead CoC Board HMIS Lead	Ongoing
Help reduce length of time homeless by moving people through the housing attainment process quickly	Homeless and Housing Services Community Case Review	Ongoing
Standardize rapid access to access points, prevention, and shelter placement	CoC Lead	
Track program denials, filed grievances and outcomes	Monitoring and Evaluation Committee	Annually
Streamline process for securing identification and eligibility documents	Homeless and Housing Services	Once

2.3 Expand coordination between homeless response providers and community partners

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Full participation of homeless response providers and DV providers at CCR	Monitoring and Evaluation Committee	Ongoing
Assess/Expand case conferencing to support front line staff	Community Case Review	Ongoing
Assess case conferencing participants to determine missing representation	Community Case Review	Ongoing
Ask each agency to present on their programs during HHS monthly meetings	Homeless and Housing Services	Monthly

2.4 Increase knowledge of prevention and diversion strategies with homeless response staff

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
System-wide training on rapid resolution/problem solving conversations	Training Committee	Annually
Require diversion and prevention training for front line staff	Monitoring and Evaluation Committee	Annually
Implement diversion strategies: - Create a dynamic resource list - Create a standardized diversion process - Widely distribute and implement standardized diversion tool	CoC Lead Program Administration	Ongoing

Data and Performance

Data & Performance



GOAL: Use data to guide decision-making, create performance benchmarks, and align resources and services with successful outcomes and proven strategies.

High functioning homeless response systems use uniform performance measures that require programs to demonstrate improvement or attempted improvement on these measures. The only way to demonstrate that the system is responding appropriately to a community's homelessness is through data. Data may seem tangential to the homeless response system; however, the system will show, see Appendix 2, that data is foundational to a well-functioning system. The case management and shelter staff input data into our Homeless Management Information System (HMIS) from intake to exits which helps discern where resources are needed. The Data and Performance Working Group developed strategies and actions steps that will strengthen HMIS use to frame Central Virginia's homeless population narrative and better serve those experiencing homelessness by tracking effectiveness and community resources through our data resources.

3.1 Use data to frame the narrative

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Regularly present and explain homeless response data	HMIS Lead Data and Performance Committee	Ongoing
Feature data snapshots every month on CoC Facebook	CoC Lead	Monthly
Provide TA to programs on how to use reporting tools to review their own program needs, gaps, and effectiveness	HMIS Lead	As needed

3.2 Update project-level and system-level performance measures

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Schedule input sessions with program staff to improve performance measures based on best practices and tailor towards project specific expectations	HMIS Lead	As needed
Implement annual review of performance benchmarks to gauge accuracy	Data and Performance Committee CoC Lead CoC Board	Annually
Use HUD's system performance measures to set local benchmarks	CoC Board	Once

3.3 Assess the performance of all programs and the overall system

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Analyze effectiveness and accuracy of homeless prevention screening tool and PSH move-on tool	HMIS Lead Project administration	Annually
Performance reports for each project to evaluate effectiveness and consistency with written standards	HMIS Lead	Quarterly
Project type performance reports for review and recommendation	Data and Performance Committee	Quarterly

Assess racial disparities in program intake and outcome	HMIS Lead Project administration	Quarterly
Integrate DV shelter data into system data	HMIS Lead DV providers	Quarterly
System performance reports for both DV and non-DV	HMIS Lead CoC Board	Quarterly

3.4 Improve data quality

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Improve tracking of data timeliness	HMIS Lead	Once
Training and webinars on data entry and reporting tools	HMIS Lead Data and Performance Committee	Quarterly
Training on the correlation between HMIS data elements and system and project-level performance outcomes	HMIS Lead Data and Performance Committee	Annually
Ensure all CoC forms promote data quality	HMIS Lead Homeless and Housing Services	Annually

Housing Stability

Housing Stability



GOAL: To increase housing stability for low-to-moderate income households that are homeless or at-risk of becoming homeless.

Access to affordable rental units and/or vouchers is a significant component of a “Housing First” response to homelessness. Comparatively, housing stability is enhanced when a household has adequate income to afford housing and other necessities. Housing instability is a key factor that places households at-risk of experiencing homelessness. Although our system map, see Appendix 2, does not display housing stability, this working group focused on factors that would stabilize housing prior to entering the system and then remaining housed. The Housing Stability Working Group developed strategies and action steps to focus efforts on increasing access to housing and strengthening components that increase housing stability, including landlord relationship, income, education/training opportunities, and other wraparound services.

4.1 Reduce evictions to prevent homelessness and returns to homelessness

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Train CoC front line staff on the eviction process and landlord tenant law	Training Committee	Annually
Educate tenants on the eviction process and rights and responsibilities	Providers	Ongoing
Partner with other initiatives to promote eviction prevention programs and additional resources	CoC Lead CoC Board	Ongoing
Have advocate or liaison who can be contacted by landlord/tenants to resolve disputes	Program administration	Ongoing

4.2 To increase housing-focused case management offered by all providers

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Require all CoC-funded case managers participate in a housing-focused case management training	Program administration Monitoring and Evaluation Committee	Annually
Partner with Legal Aid to train homeless response case managers on tenancy education and fair housing law	Training Committee	As offered
Increase consumer knowledge of what makes a good landlord (code violation, multiple evictions)	Program administration CoC Lead	As needed
Partner with Legal Aid to offer trainings for tenants on rights and responsibilities	Program administration	Ongoing
Create Strengths and Barriers Assessment and connect the assessment to the Housing Stability Plan to better target housing attainment and stability	Homeless and Housing Services	Once

4.3 Increase access to affordable housing

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Increase provider knowledge of affordable/subsidized units	Homeless and Housing Services	Ongoing
Partner with the Lynchburg Regional Housing Collaborative to advocate for affordable housing policy	CoC Lead	Ongoing
Create referral process for homeless individuals to access housing navigation assistance	CoC Lead Affordable Housing Resource Center	Once
Create strategies for programs to recruit more private landlords with lower barriers	Homeless and Housing Services Program administration	Once
Assess need for pet-friendly housing options for homeless people with pets and if the need is present develop a strategy	Homeless and Housing Services	Once

4.4 Increase consumer enrollment in mainstream benefits and workforce development opportunities

Actions in Support of Strategy	Responsible Committee/Entity	Frequency
Increase the number of SOAR trained staff in our community	CoC Board	Ongoing
Homeless response organizations include benefit enrollment as a part of intake	Program administration	Ongoing
Explore barriers to benefits enrollment and employment	Homeless and Housing Services	Ongoing
Increase collaboration between homeless providers and workforce providers	Homeless and Housing Services	Ongoing

Appendix 1: Survey Results

Homeless/Formerly Homeless Consumers

- When looking at our priority sub-populations:
 - 16 of 20 respondents indicated they were a family household (has a child under the age of 18) only.
 - 3 of 20 respondents indicated they were a youth household (respondent is between the ages of 18-24) only.
 - One respondent identified as a youth family household.
- Approximately 96% of respondents are currently housed.
- About half were housed through Community First Rapid Re-housing
- Respondents were asked to indicate when they moved in:
 - 48% moved in 7 months ago or more
 - 39% moved in within the last month or up to 3 months ago
 - 13% moved in between 4 and 6 months ago
- 65% of the responses indicated consumers felt like they were able to “call the shots” about your housing.
- When asked, “What resources or services did you need to get housed?” The most frequent responses (in descending order):
 - Rental Assistance (tie)
 - Funding for assistance other than rent (i.e. deposits, utilities, etc.) (tie)
 - Case management
 - Help finding a job
 - Help with budgeting
 - Mental health treatment
 - Help with life skills such as how to care for an apartment
 - Healthcare
 - Substance use treatment (tie)
 - Referrals and resources (tie)
 - Getting help after leaving my ex (tie)
- When asked, “What resources or services did you receive to get housed?” The most frequent responses (in descending order):
 - Funding for assistance other than rent (i.e. deposits, utilities, etc.)
 - Rental assistance
 - Case management
 - Help finding a job
 - Help with budgeting
 - Mental health treatment
 - Help with life skills such as how to care for an apartment
 - Healthcare
 - Referrals and resources (tie)
 - Other resources like food, clothing, furniture
- Approximately 27% indicated they slept in a shelter or unsheltered the previous night.

- 92% indicated within the first week (7 days) of working with a CoC program (shelter or street outreach), they were provided help through a case management meeting either with shelter staff or street outreach staff.
- 85% indicated in the first week (7 days) of contact with a homeless service, they were offered help to gain housing.
- When asked, “What resources or services have you received that have been helpful in finding housing?” The most frequent responses (in descending order):
 - Rental assistance
 - Funding for assistance other than rent (i.e. deposits, utilities, etc.) (tie)
 - Case management (tie)
 - Help finding a job (tie)
 - Help with budgeting (tie)
 - Mental health treatment
- When asked, “What resources or services would have helped you get the housing that you needed?” The most frequent responses (in descending order):
 - Rental assistance
 - Funding for assistance other than rent (i.e. deposits, utilities, etc.)
 - Case management
 - Help with budgeting
 - Mental health treatment (tie)
 - Help with life skill such as how to care for an apartment (tie)
- Over half of the responses indicated they currently have a paying job.
- 65% of the respondents believe their income will allow them to become and/or remain housed.
- Half indicated since becoming homeless their income increased.
- 77% of the responses indicated when they became homeless, it was easy to find help.
- 88% indicated since becoming homeless, they were satisfied with the quality of services received.
- Approximately 85% indicated services received while homeless are focused on helping them get into housing as quickly as possible.
- Approximately 85% indicated they feel like they have been able to “call the shots” about when and how you receive help.
- When asked, “To think about your most recent homelessness, what could have PREVENTED you from becoming homeless?” The most frequent responses (in descending order):
 - Funding for assistance other than rent (i.e. deposits, utilities, etc.)
 - Rental assistance
 - Help finding a job
 - Access to transportation
 - Case management
 - Help with budgeting (tie)
 - Education/training (tie)
 - Childcare
 - Mental health treatment
 - The following were tied for last:
 - Help with life skills such as caring for an apartment

- Substance use treatment
- Healthcare
- A better landlord
- Safety and protection from an abuser
- Getting out of a domestic violence situation
- Separation from husband
- Landlord sold property
- 64% indicated they do not think they may become homeless again in the future.

Front Line/Case Management Staff

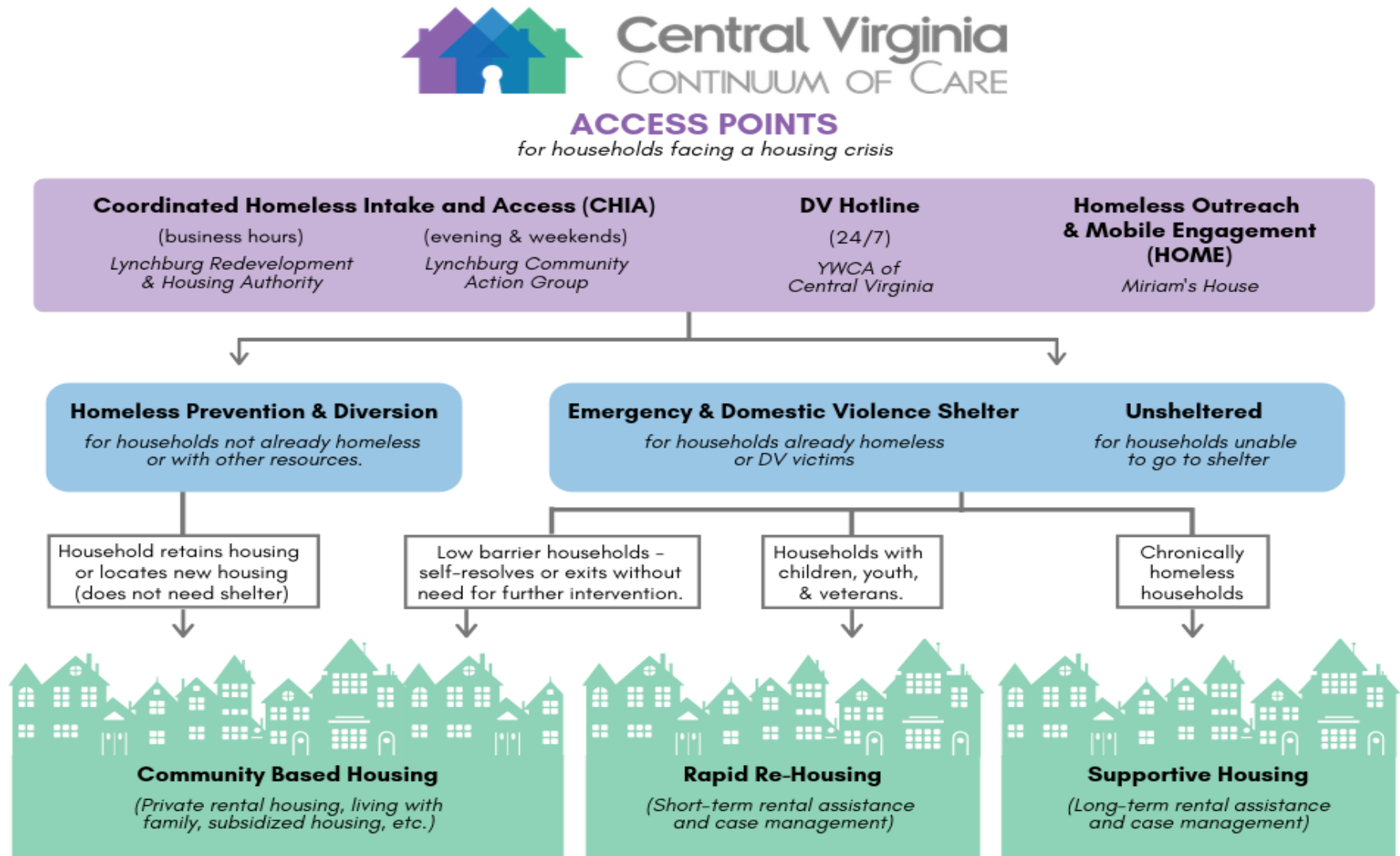
- 21 of 22 respondents are aware of how to get help for a household experiencing homelessness or about to become homeless.
- 68% either agreed or strongly agreed that the homeless response system uses a standard assessment tool to prioritize services based on the household's vulnerability and need.
- 50% either agreed or strongly agreed that the homeless response system employs strategies to prevent people from losing their housing and diverts them away from the shelter system.
 - About 27% either disagreed or strongly disagreed
 - About 23% neither agreed nor disagreed
- About 73% agreed or strongly agreed that their organization supports and participated in Community Case Review regarding specific homeless households to coordinate efforts with other service providers in the community.
- Respondents were asked to select their level of knowledge, training, and expertise that closely matches their abilities and understanding.
 - 12 of 15 respondents have "little to no or basic knowledge, training, and expertise" in Housing Stabilization Case Management
 - 12 of 15 respondents have "little to no or basic knowledge, training, and expertise" in Coordinated Entry and Assessment
 - 9 of 15 have "little to no or basic knowledge, training, and expertise" in Income Supports or Mainstream Benefits System
 - 11 of 15 respondents have "little to no or basic knowledge, training, and expertise" in Permanent Supportive Housing
 - 11 of 15 respondents have "little to no or basic knowledge, training, and expertise" in Rapid Re-housing
 - 11 of 15 respondents have "little to no or basic knowledge, training, and expertise" in Homeless Diversion and Homeless Prevention
- 77% disagreed or strongly disagreed that the community has an adequate supply of affordable permanent and permanent supportive housing units to accommodate each household's needed level of support.
- 59% agreed or strongly agreed that providers work together to plan and coordinate homeless services.
 - About 23% disagreed or strongly disagreed
 - About 18% neither disagreed nor agreed
- 77% agreed or strongly agreed that services offered are ones that consumers need to obtain and sustain housing.

- About 41% either agreed or strongly agreed that services are designed and administered to get consumers into permanent housing quickly.
 - 36% neither disagreed or agreed
 - 23% either disagreed or strongly disagreed
- About 64% neither disagreed nor agreed that formerly homeless households are successful in remaining housed.
 - About 27% agreed
 - 9% disagreed
- 59% neither disagreed nor agreed that case managers working within the homeless response system are adequately trained and skilled to stabilize formerly homeless households into permanent housing.
 - 36% either agreed or strongly agreed

Agency and CoC Leadership

- 93% agreed or strongly agreed the homeless response system uses a standard assessment tool to prioritize homeless services based on the household's vulnerability and need.
- 93% agreed or strongly agreed the homeless response system employs strategies to prevent from losing their housing and diverts them away from the shelter system.
- 93% agreed or strongly agreed service providers plan and coordinate well to end homelessness.
- 67% agreed or strongly agreed funding and service decisions are based on best practices.
 - 20% neither disagreed or agreed
 - 13% strongly disagreed
- 57% agreed or strongly agreed all necessary partners are at the table and share the same vision.
 - 43% either disagreed or strongly disagreed
- More than two-thirds agreed or strongly agreed services in the community are ones that homeless households need to quickly obtain and sustain housing.
- 87% agreed or strongly agreed services are focused on getting homeless households housed as quickly as possible.
- 80% agreed or strongly agreed local priorities are aligned with HUD's priorities.
- Roughly half agreed or strongly agreed case managers are adequately trained and skilled to stabilize formerly homeless households into permanent housing.
- 60% agreed or strongly agreed formerly homeless households are successful in remaining housed.
 - 20% disagreed
 - 20% neither disagreed or agreed
- 80% agreed or strongly agreed the local system can make homelessness rare, brief, and nonrecurring.

Appendix 2: System Map and Contacts



Central Virginia Continuum of Care Lead Agency: *Miriam's House*, Sarah Francis, francis@miriamshouseprogram.org, 434.847.1101

Coordinated Homeless Intake & Access (CHIA): [434.455.5722](tel:434.455.5722)

Business Hours: *Lynchburg Redevelopment & Housing Authority*, Carol D'Olympio-Metts, carol.dolympio-metts@lynchburgva.gov

After Hours: *Lynchburg Community Action Group*, Jacqueline Jones, jhjones@lyncag.org

Homeless Prevention & Diversion:

LynCAG Homeless Prevention: Diana Brown, dbrown@lyncag.org, 434.455.1601 x308

Supportive Services for Veteran Families (SSVF): Evelyn Jordan, evelyn.jordan@tapintohope.org, 540.283.4918

Homeless Outreach & Mobile Engagement (HOME): Michele Bauman, Michele.Bauman@CommunityAccessNetwork.org, 434.610.0520

Emergency Shelters:

The Hand-Up Lodge: Jacqueline Jones, jhjones@lyncag.org, 434.455.1601 x8

The Salvation Army: Veronica Washington, veronica.washington@uss.salvationarmy.org, 434.845.5939

Domestic Violence Shelters:

Bedford Domestic Violence Services (BDVS): Cori Davis, c.davis@dss.virginia.gov, 540.587.0970

YWCA Sadler House: Linda Ellis-Williams, linda.williams@ywcacva.org, 434.528.1041

YWCA Frannie's House: Linda Ellis-Williams, linda.williams@ywcacva.org, 434.369.9176

Rapid Re-Housing Providers:

Miriam's House Community First: Kristen Nolen, kristen@miriamshouseprogram.org, 434.847.1101

Supportive Services for Veteran Families (SSVF): Evelyn Jordan, evelyn.jordan@tapintohope.org, 540.283.4918

Permanent Supportive Housing:

Housing First Lynchburg: Dorothy Thomas, dthomas@humankind.org, 434.229.5205

Magnolia Street Supportive Housing: Kristen Nolen, kristen@miriamshouseprogram.org, 434.847.1101

Veteran Affairs Supportive Housing (VASH): Kate Donaldson, katherine.Donaldson@va.gov, 540.521.7451

Appendix 3: Accomplished Goals from the Strategic Plan to Prevent and End Homelessness: 2016

Housing	Be represented at all of the City of Lynchburg's HOME/CDBG/Affordable Housing Financing input sessions. Create landlord-service provider agreement template that outlines the partnership and expectations for landlord, provider, and tenant. Revisit Lynchburg Redevelopment and Housing Authority (LRHA) Administration Plan to streamline homeless preference. Merge individual agency landlord networks to make them available for use by all CVCOC members/ partners. Utilize Virginia Housing Development Authority (VHDA) capacity building grant to complete an affordable housing needs assessment. Reconvene housing collaborative to respond to housing needs assessment. Hire new housing locators/navigators to liaison with landlords and advocate on behalf of homeless clients. Assess alternate transportation options to provide tenants access to affordable units in the surrounding counties.
Data	Establish baseline measures and system/program outcome targets Integrate data accuracy into Data Quality Plan Establish standard reporting mechanisms for program outcome measures (website) Develop a regular system performance measure reporting function in HMIS to create system snapshots
Homeless System	Create CVCOC policies and procedures Establish CoC-wide program standards Use system map to show service providers where they fit and their role within the homeless response system Hire full-time CoC Coordinator to lead ongoing planning and coordination efforts

	Conduct service gaps analysis and identify solutions to unmet service needs Expand Community Case Review (CCR) process to prioritize rapid re-housing and transitional housing resources Integrate priority sub-population by-name list into CCR SOAR training and certification within CoC membership Integrate voluntary service clause into CVCoC program standards of care to encourage access to mainstream resources
Advocacy & Outreach	Conduct network mapping to identify gaps in board representation Group this strategic plan's action steps by committee responsibility and use a tool to recruit representatives to accomplish the initiatives Get feedback from consumers through committee representatives, surveys Begin attending monthly Re-Entry Council Meetings and regular McKinney-Vento School Summits to advocate for cross-system collaboration Present completed strategic plan for adoption by Lynchburg City Council (presented not adopted)
Prevention, Diversion, Coordinated Assessment	Develop a program with the Hand Up Lodge to train staff to carry out CHIA duties during off hours Explore the feasibility of completing a vulnerability assessment at the point that homeless persons enter CHIA Develop an orientation training for front-line staff to understand the importance of coordinated assessment, prevention and diversion Create a prevention assessment tool based on the characteristics of current and former shelter clients that indicates imminent risk of homelessness Fund diversion/prevention case management staff to reduce the likelihood that people become at-risk of losing their housing again

Appendix 4: CoC Committees & Meeting Frequency

CoC Standing Committees

Advocacy & Outreach Committee	Increases public awareness and broadens support for implementing policies and programs aimed at ending homelessness.	Meetings occur monthly on the last Thursday
Homeless & Housing Services Committee	Works to improve the homeless response system through developing program recommendations consistent with best practices in homeless assistance while overseeing the implementation and improvement of coordinated intake for the CVCoC.	Meetings occur monthly on the last Wednesday
Homeless Management Information Committee	Works to ensure that the CVCoC meets its responsibilities regarding data collection, data sharing and privacy, data quality, implementation of new features, training and recruitment of new HMIS participating agencies.	Meetings occur quarterly on the third Thursday—January, April, July, and October.
Monitoring & Evaluation Committee	Reviews CVCoC funded (either through HUD or DHCD funds) projects through the Board approved standardized evaluation tool. The monitoring tool incorporates site visits, evaluation of outcomes, financial audits, and case files.	
Nominating Committee	Works to ensure that the CoC Board is comprised of individuals representing homeless or formerly homeless persons, homeless service provider organizations, partner organizations and persons from each locality under the CVCoC.	
Point-in-Time Committee	Plans and implements the annual Point in Time Count according to HUD guidelines while working closely with the HMIS Lead to prepare, organize, and submit the data to HUD.	
Training Committee	Ensures that funded and partner agencies have access to trainings required or recommended through HUD or DHCD.	

CoC Working Group

Community Case Review

Develops and reviews plans for individuals and families experiencing homelessness or at risk of homelessness to identify and secure services and supports that will lead to stable housing. CCR team members help problem solve difficult cases and determine prioritization for permanent supportive housing and rapid re-housing.

Meeting occurs on the second and last Wednesday monthly

Appendix 5: Frequently Used Terms

- BNL (*By-Name List*): a real-time list of people belonging to one of the CVCoC's priority subpopulation groups experiencing homelessness.
- CCR (*Community Case Review*): a term designed to gather local providers and partners to discuss specific cases of homelessness and manage the By-Name list.
- CHIA (*Coordinated Homeless Intake and Access*): a central access point to all homeless response system programs.
- CoC (*Continuum of Care*): the homeless response system including providers and partners.
- CVCoC (*Central Virginia Continuum of Care*): the collective homeless response system to providers and partners for the City of Lynchburg and the Counties of Amherst, Appomattox, Bedford, and Campbell.
- DHCD (*Department of Housing and Community Development*): state department through which the CVCoC receives funding for prevention, shelter operations, rapid re-housing, planning and HOPWA.
- ES (*Emergency Shelter*): temporary beds for those who are literally homeless, providing the least intensive services. ES beds are usually offered for 30 days or less.
- HEARTH (*Homeless Emergency Assistance and Rapid Transition to Housing Act*): federal law passed in 2009 that changes how homeless services are funded and provided.
- HHS (*U.S. Department of Health and Human Services*): protects the health of all Americans and provides essential human services.
- HIC (*Housing Inventory Count*): a point-in-time inventory of provider programs within a Continuum of Care that provide beds and units dedicated to serve persons who are homeless.
- HMIS (*Homeless Management Information System*): a database that collects information on our services and clients.
- HOPWA (*Housing Opportunities for Persons with AIDS*): a program managed by HUD to provide housing assistance and related supportive services for low-income persons living with HIV/AIDS and their families.
- HSNH (*Homeless and Special Needs Housing*): DHCD's funding program to address housing and stabilization services for individuals and families at-risk of or experiencing homelessness. This funding is comprised of VHSP, HOPWA, and HTF.
- HTF (*Housing Trust Fund*): a pool of funds allocated by the Virginia legislature to create and preserve affordable housing and to reduce homelessness in the state.
- HUD (*Department of Housing and Urban Development*): federal department that administers homeless and housing assistance funds. The CVCoC receives funding for permanent supportive housing, rapid re-housing, HMIS, and planning through HUD.

- LSA (*Longitudinal System Analysis*): a HUD report, replaced AHAR in 2018 that uses HMIS data to look at how households are moving through a CoC's system.
- NAEH (*National Alliance to End Homelessness*): a national advocacy group that provides technical assistance.
- NOFA (*Notice of Funding Availability*): a notice published each year in Grants.gov for HUD's Discretionary Funding Program describing the type of funding available on a competitive basis.
- PIT Count (*Point-in-Time Count*): a count of sheltered and unsheltered homeless persons on a single night in January.
- PSH (*Permanent Supportive Housing*): a model of housing for severely disabled, chronically homeless persons.
- RRH (*Rapid Re-Housing*): a model of homeless services that is community based and includes case management with financial assistance for rent and utilities.
- SOAR (*SSI/SSDI Outreach, Access, and Recovery*): a national program, funded by the Substance Abuse and Mental Health Services Administration (SAMHSA), designed to increase access to the disability income benefit programs for eligible adults and children who are experiencing or at-risk of homelessness and have a serious mental illness, medical impairment, and/or a co-occurring substance use disorder.
- SSVF (*Supportive Services for Veteran Families*): a program funded through Veterans Affairs that provides prevention and rapid re-housing services for veteran households.
- SysPM (*System Performance Measures*): a list of seven performance measures reported out of the CoC's HMIS to evaluate the performance of the homeless response system.
- VASH (*Veterans Affairs Supportive Housing*): a collaborative program between HUD and VA that combines HUD housing vouchers with VA supportive services to help Veterans who are homeless and their families find and sustain permanent housing.
- VHA (*Virginia Housing Alliance*): a state advocacy group that provides technical assistance.
- VHSP (*Virginia Homeless Solutions Program*): a state funded program for the sheltering of homeless households, the prevention of homelessness, and the rapid re-housing of those who have become homeless.
- VI-SPDAT (*Vulnerability Index-Service Prioritization Decision Assistance Tools*): a survey administered both to individuals and families to determine risk and prioritization when providing assistance to homeless and at-risk homeless persons.

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 8, 2020**

AGENDA ITEM #: **2**

CONSENT:
ACTION:

REGULAR:
INFORMATION: **X**

WORK SESSION: **X**

CLOSED SESSION:
(Confidential)

ITEM TITLE: Presentation of the FY 2020 Comprehensive Annual Financial Report (CAFR) and Related Reports

KEY ELEMENTS:

___Economic Development **X**Excellent Government ___Natural and Built Environment ___Safe Community ___Vibrant Community

RECOMMENDATION: Hear a presentation on the FY 2020 Comprehensive Annual Financial Report from the City's auditors.

SUMMARY: Representatives from the City's external auditing firm, Brown Edwards, LLC, will present the results of the annual audit to City Council.

PRIOR ACTION(S): N/A

FISCAL IMPACT: N/A

CONTACT(S): Donna Witt, Chief Financial Officer, 455-3968

ATTACHMENT(S):

Memo from Donna Witt

FY 2020 Comprehensive Annual Financial Report (CAFR)

Audit Committee Letter – Required Communication with those Charged with Governance

Independent Auditor's Report on Agreed –Upon Procedures – City of Lynchburg's Sheriff's Office

Independent Auditor's Report on Census Data submitted to the Virginia Retirement System-City of Lynchburg

Independent Auditor's Report on Census Data submitted to the Virginia Retirement System- Lynchburg City

Schools and Laurel Regional Program

Management Letter – Lynchburg City Schools

Audit Committee Letter – Required Communication with those Charged with Governance – Lynchburg City Schools

REVIEWED BY: raw

160A



The City of Lynchburg, Virginia

CITY HALL, 900 CHURCH STREET, LYNCHBURG, VIRGINIA 24504
(434) 455-3968
FAX (434) 845-0711

FINANCIAL SERVICES
OFFICE OF THE DIRECTOR

To: City Council
From: Donna Witt, Chief Financial Officer 
CC: Reid Wodicka, Interim City Manager
Kent White, Interim Deputy City Manager
Date: December 8, 2020
Re: FY 2020 Comprehensive Annual Financial Report and Related Reports

In preparation for the upcoming presentation by Brown Edwards, LLC the following documents are enclosed for your review:

- FY 2020 Comprehensive Annual Financial Report (CAFR)
- Audit Committee Letter – Required Communication with those Charged with Governance
- Independent Auditor's Report on Agreed –Upon Procedures – City of Lynchburg's Sheriff's Office
- Independent Auditor's Report on Census Data submitted to the Virginia Retirement System-City of Lynchburg
- Independent Auditor's Report on Census Data submitted to the Virginia Retirement System- Lynchburg City Schools and Laurel Regional Program
- Management Letter – Lynchburg City Schools
- Audit Committee Letter – Required Communication with those Charged with Governance – Lynchburg City Schools

Representatives from Brown Edwards, LLC will be presenting this information in the December 8th work session. Hard copies of these documents will be distributed at that time.

Thank you.

**CITY OF
LYNCHBURG, VIRGINIA**

Comprehensive Annual Financial Report
for the fiscal year ended June 30, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

**CITY OF LYNCHBURG,
VIRGINIA**

Prepared by:
Financial Services

CITY OF LYNCHBURG, VIRGINIA

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INTRODUCTORY SECTION



THE CITY OF LYNCHBURG, VIRGINIA

OFFICE OF THE
CITY MANAGER

900 Church Street, Lynchburg, Virginia 24504
www.lynchburgva.gov
TEL: (434) 455-3990
FAX: (434) 847-1536

December 1, 2020

The Honorable Mayor and Members of the City Council
City of Lynchburg, Virginia

The Comprehensive Annual Financial Report (CAFR) for the City of Lynchburg, Virginia, (City) for the year ended June 30, 2020, is hereby submitted in accordance with the *City Code* and State statutes. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the City. With reasonable assurance, based upon a comprehensive framework of internal controls, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows, as applicable, of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State law and *City Code* require that the financial statements of the City be audited by an independent certified public accountant. Brown, Edwards & Company, LLP has performed an audit of the Comprehensive Annual Financial Report (CAFR). The independent auditor's report, including opinions on the basic financial statements of the government-wide and fund financial statements, is contained in the Financial Section of this Report. Brown, Edwards & Company, LLP also audited the component unit financial statements of the Lynchburg City Schools and the Greater Lynchburg Transit Company.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report. The information presented in the MD&A provides a narrative introduction, overview, and analysis of the basic financial statements and should be considered in conjunction with additional information provided in this Letter of Transmittal.

The financial reporting entity includes all funds of the primary government (i.e., the City of Lynchburg), as well as its component units. The City provides a full range of municipal services including general administration, legal counsel, police, fire protection and emergency medical services, parks and recreation, libraries, museums, juvenile and social services, maintenance of streets and highways, economic development, tourism and community development. The City also owns and operates water, sewer and stormwater systems and a regional airport. The City's discretely presented component units, Lynchburg City Schools (LCS), Business Development Centre, Inc., and Greater Lynchburg Transit Company (GLTC), provide public education, various small business services, and public transportation, respectively, to the citizens of the City. Each of these component units' governing bodies is appointed by City Council. Excluded are the financial statements of the Lynchburg Redevelopment and Housing Authority and the City's Economic Development Authority. These organizations are associated with the City, but are legally separate entities. Also, excluded are the financial statements of the Blue Ridge Regional Jail Authority, Horizon Behavioral Health, and the Region 2000 Services Authority, which are jointly governed organizations.

City Council has approved Debt Management, Fund Balance, Budget, and Investment policies to guide fiscal decision-making and to ensure continued strong financial health. These policies were revised and re-adopted by City Council in December 2019. During the fiscal year, adherence to these financial policies guided the City's management of its investment portfolio, the maintenance of budget reserve levels, and the development of the Capital Improvement Plan.

As required by law, each year, at least 45 days prior to June 30, the City Manager submits to City Council a recommended budget for the fiscal year beginning July 1. After citizen engagement, budget preparation, and a Council review process that includes multiple work sessions and a public hearing, City Council adopts the annual budget. The annual budget includes all funds represented in the City's Comprehensive Annual Financial Report. The budget must be adopted no later than the day the fiscal year begins (July 1).

The City of Lynchburg was incorporated in 1805 by the Virginia General Assembly and became an independent city in 1852. Encompassing 50 square miles, Lynchburg is located adjacent to Amherst, Bedford, and Campbell Counties, on the eastern edge of the beautiful Blue Ridge Mountains, and is within 54 miles of the geographic center of the Commonwealth of Virginia. The County of Appomattox is also included in the Lynchburg Metropolitan Statistical Area. With an estimated population of 82,168, Lynchburg is an important commercial center for the four-county region known as Central Virginia. It serves a regional population of just over 262,000 and benefits from an economy that remains diversified among the manufacturing, health services, technology, retail, trade, and higher education sectors. The City is home to five colleges and universities with a sixth in Amherst County.

The City of Lynchburg has been organized under the Council-Manager form of government since 1920. City Council is the governing body that makes all policy decisions for the proper administration of the City. City Council is elected by the voters and is comprised of seven members, who elect amongst themselves the Mayor and Vice-Mayor for a two-year term. Three City Council members are elected at-large and four are elected from wards. Terms are for four years and are staggered so a portion of Council is elected every two years. The City Council appoints a City Manager to act as administrative head of the City. The City Manager serves at the pleasure of City Council to carry out its policies and direct and oversee City operations. The City Manager has the power of appointment and removal of the directors and employees of all departments of the City.

Local Economic Condition and Outlook

In 2018, the Office of Economic Development & Tourism launched a five year strategic action plan, the *Blueprint for Opportunity*. Centered around five goals, the framework will keep the City focused on growing and expanding Lynchburg's existing industry base, engaging anchor institutions, building a better workforce pipeline, enhancing tourism and neighborhood assets, and telling the City's story to the world.

The Lynchburg business community continues to lead the regional economy with significant capital investment and job creation. Since 2015, the Economic Development Authority and Office of Economic Development have leveraged \$98.6 million in private investment with \$5.8 million in support, retaining 135 jobs and creating 1,045 new jobs.

In March 2018, Tessy Plastics announced that it would invest \$9.2 million to expand its manufacturing operation to accommodate a new product line, creating 34 new jobs in the process. The 35,000 square-foot addition marked the fourth expansion to the Lynchburg plant and was completed in November 2019.

In October 2019, CloudFit Software announced that the company's new headquarters will locate in the historic Carter Glass Building in Downtown Lynchburg as part of a \$5 million renovation. CloudFit Software was founded in March 2018 by a group of cloud pioneers from Microsoft, serving Fortune 500 and Department of Defense customers. The company currently has hired 90 employees in 16 states and plans to add 139 jobs in the first three years of operation in Lynchburg. There are currently more than 3,700 employees working daily in Downtown Lynchburg.

Also, in October 2019, Starr Hill Brewery announced a new location to open on Main Street in early 2020. The brewery and taproom will lease nearly 4,000 total square feet, housing a 5-barrel brewing system. Starr Hill will also propose an outdoor seating area that will create a vibrant urban atmosphere. Also in October, The Water Dog restaurant was recognized with The Ordinary Award in the category of Restaurant of the Year by the Virginia Restaurant, Lodging & Travel Association (VRLTA), an organization that celebrates and honors all of Virginia's restaurants, lodging establishments and hotels, DMOs, attractions, and more.

As part of the Blueprint, the Office of Economic Development & Tourism has partnered with Campbell County to engage Edison Welding Institute (EWI). EWI is an advanced engineering service provider with applied research and development capabilities to support innovation in Lynchburg's existing advanced manufacturing sector and promote business expansion in the City.

The City of Lynchburg is headquarters to two of the major nuclear engineering companies in the country. In April 2018, Framatome Inc., a designer and supplier of nuclear steam supply system and nuclear equipment, services, and fuel for high levels of safety and performance, announced that it would relocate its North American corporate headquarters to the City of Lynchburg from Charlotte, North Carolina. The headquarters move makes Lynchburg the central hub for Framatome's 2,300 North American employees, more than half of which are in central Virginia.

In September 2019, Framatome opened its new SPEC 200 manufacturing facility in the City. SPEC 200 is an analog integration and control system that serves as part of the central nervous system of a nuclear plant. The move of the SPEC 200 facility marks the completion of the factory's move from China to the U.S.

Also headquartered in Lynchburg, BWX Technologies, Inc. is a leading supplier of nuclear components and fuel to the U.S. government. In April 2018, BWXT announced that it had acquired Sotera Health's Nordion medical isotope business. This acquisition accelerates and de-risks BWXT's entrance into the medical radioisotope market. The company will add licensed infrastructure, approximately 150 highly trained and experienced personnel and two production centers to BWXT.

In the education sector, Liberty University's School of Business completed a new building, spanning 78,000 square feet and reaching three stories. The new \$33 million building includes 12 Bloomberg stock-trading terminals and state-of-the-art telecommunication technology. Construction also began on a new 125,000 square-foot facility attached to the Vines Center to be used mostly for volleyball and basketball games. The arena is anticipated to open in 2020.

The City continues to maintain its role as an employment and commercial center for Central Virginia. Real property assessments have experienced slight growth and personal property assessments have experienced continued growth due to deals offered by dealerships leading to more registered vehicles in the City. Consumption driven revenues, including sales, meals, and lodging taxes, were impacted by the pandemic but significantly exceeded revised FY 2020 projections. Looking ahead, it is anticipated that real property assessments will grow as a result of the biennial (every two years) reassessment and personal property values are projected to grow compared to the FY 2020 Revised Adopted Budget. However, consumption tax revenues are projected to be lower than current year due to the continued economic impact of COVID-19.

The City received \$14.2 million from the Coronavirus Aid, Relief, and Economic Security Act. In an effort to support small business in the City of Lynchburg, \$4 million has been allocated to the Economic Development Authority to provide grants to the businesses impacted by the pandemic.

As part of a long-term financial plan, five-year revenue projections are developed with a focus on ensuring that forecasts are based on the latest economic conditions as well as a changing environment such as the changes in personal spending. The City's Fund Balance Policy is used to ensure the City has sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenues without the need to borrow. The balance in excess of policy requirements is used as a source of one-time funds for items such as pay-as-you-go projects within the Capital Improvement Program.

During 2018 and 2019, several conversations with City Council and department heads have led to the identification of areas of needed focus, the development of ideas for how we move forward and robust consideration of how we determine our progress. *The Lynchburg Plan* is the outcome of months of conversations and thought about what our organization needs to do to set the path forward for long-term success. *The Lynchburg Plan* is broken down into 4 priority areas: the City's growing and redeveloping economy; exceptional neighborhoods and strong families; a resilient, agile, and innovative organization; and an impactful public schools. Within these priorities, eight goals have been set with operational initiatives and metrics to gauge progress. City Council continues to work through *The Lynchburg Plan* to ensure it correctly represents their vision for the City. City Council will receive updates on an annual basis.

Major Initiatives and Accomplishments

Education

For FY 2020, Lynchburg City Schools (LCS) was slightly ahead of FY 2019 having thirteen fully accredited schools and three accredited with conditions. LCS continues to make progress in achievement gaps for Math and English.

Infrastructure

Infrastructure improvements in FY 2020 include the ongoing Main Street Renewal project, the design of Lakeside Drive Bridge over Blackwater Creek, the design of the Police Department Headquarters, the replacement of Link Road Bridge, and the Riverside Park Overlook restoration.

Technology

The City once again was recognized nationally as a leader in using information technology to assist in service delivery. In its 19th annual Digital Cities Survey, eRepublic's Center for Digital Government and Digital Communities Program ranked Lynchburg first in the nation among city governments in the 75,000 – 124,999 population category. Lynchburg has been ranked in the top ten for sixteen consecutive years, being ranked first for communities of its size in four of those years.

Transportation

Greater Lynchburg Transit Company (GLTC) provides critical public bus and paratransit services for Lynchburg citizens. GLTC operates 14 bus routes within the City of Lynchburg and a portion of Madison Heights. Heavily impacted by COVID-19, GLTC is currently operating seven days a week with fare-free rides funded by CARES.

The City is also served by the Lynchburg Regional Airport, a Federal Aviation Administration-designated small non-hub commercial airport with significant general aviation flight and training activity. The Lynchburg Regional Airport received \$6,647,475 in CARES funding. These funds are available through June 2024 for revenue replacement. Before the economic impact of COVID-19, the airport had a total of 14 scheduled airline arrivals and departures daily. The Airport has been notified in November 2020 scheduled arrivals and departure will be back to 10 utilizing larger aircraft than before COVID-19 began.

Prospects for the Future

As the City moves forward in an ever changing environment, City staff continues to work diligently with community partners and the Economic Development Authority (EDA) to ensure Lynchburg continues to be a dynamic, vibrant City where there are economic opportunities for all. Marketing efforts continue to target prospects for appropriate commercial development to ensure the City remains the shopping and dining destination of the region. Tourism continues to play an important role with City staff working to keep Lynchburg “A Great Place to Live, Work and Play!”

Certificates of Achievement for Excellence

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lynchburg for its CAFR for the fiscal year ended June 30, 2019. This is the City’s twenty-third consecutive year receiving this award.

GFOA also awarded the Distinguished Budget Presentation Award to the City of Lynchburg for its FY 2019 Adopted Budget. This is the City’s fifteenth consecutive year receiving this award.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the leadership of Rhonda Allbeck, Assistant Director of Financial Services, and the dedicated staff of the Financial Services Department. Each member of the department has our appreciation for their outstanding efforts in the preparation of this Report. Appreciation is also expressed to City Council for its guidance and supporting compliance with its Financial Policies.

Respectfully submitted,



Reid A. Wodicka, PhD
Interim City Manager



Donna S. Witt
Chief Financial Officer

CITY OF LYNCHBURG, VIRGINIA
COUNCIL-MANAGER FORM OF GOVERNMENT

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2020

CITY COUNCIL

Treney Tweedy, Mayor

MaryJane Dolan, Vice-Mayor
J. Randolph “Randy” Nelson
Sterling A. Wilder

Jeff S. Helgeson
Edgar J. T. Perrow, Jr., P.E.
Beau Wright

CITY OFFICIALS

Bonnie Svrcek
Reid Wodicka
Walter Erwin, III
Donna Witt

City Manager
Deputy City Manager
City Attorney
Chief Financial Officer

SCHOOL BOARD

Mrs. Susan Morrison, Chair

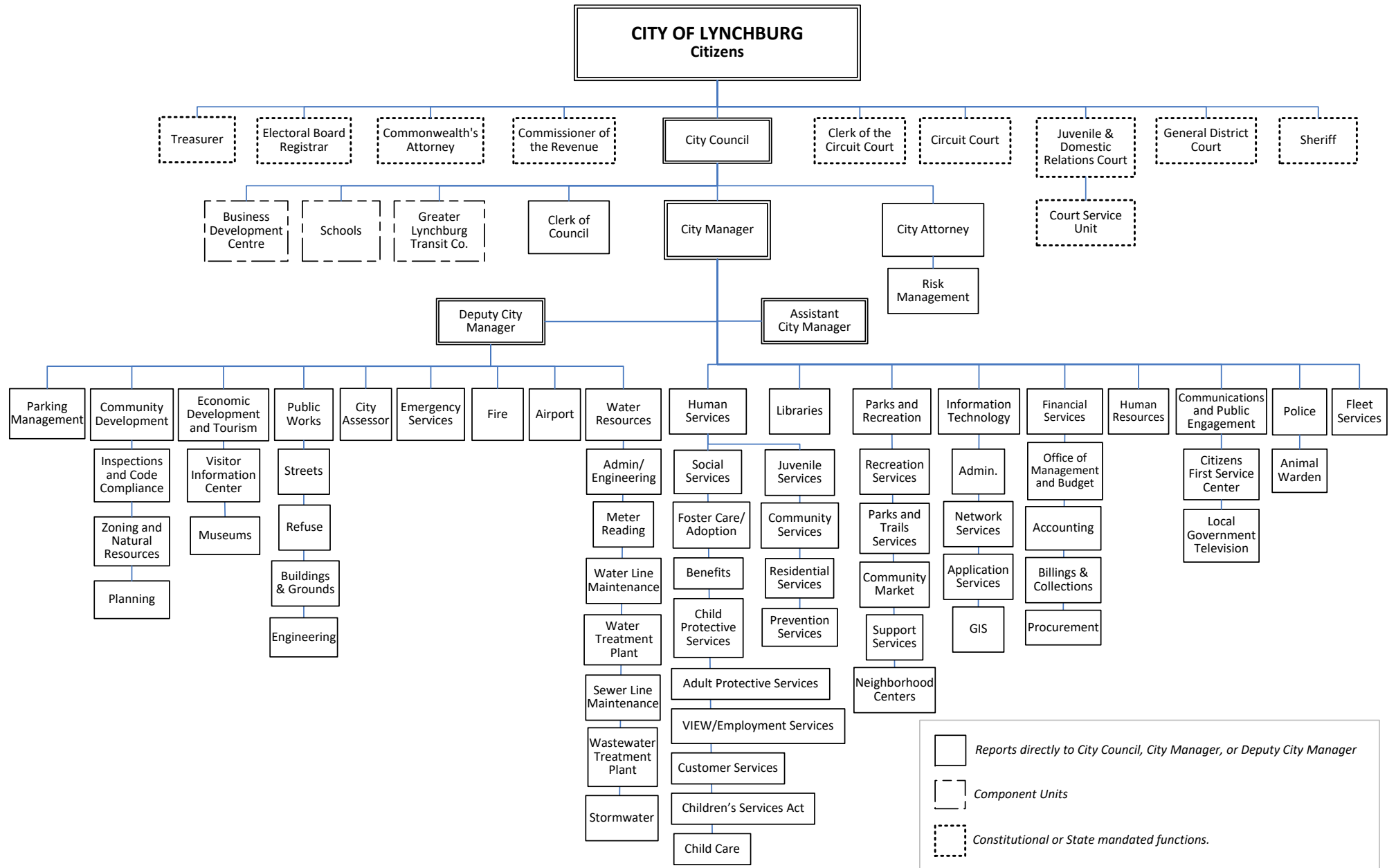
Dr. James E. Coleman, Vice Chair
Ms. Sharon Y. Carter
Dr. Robert O. Brennan
Mr. Gary E. Harvey

Dr. Atul Gupta
Mrs. Belle Evans
Dr. Kimberly A. Sinha
Dr. Michael Nilles

SCHOOL BOARD OFFICIALS

Dr. Crystal M. Edwards
Mr. Ben W. Copeland (through 05/22/20)
Mrs. Kimberly Lukanich

Superintendent of Schools
Deputy Superintendent
Chief Financial Officer





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lynchburg
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council and the City Manager
City of Lynchburg, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual statements and schedules, the non-major funds budgetary comparison statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements. In addition, the accompanying schedules of passenger facility charges and expenditures of passenger facility charges are presented for purposes of additional analysis as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and are not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

The combining and individual statements and schedules, the non-major funds budgetary comparison schedules, the schedule of expenditures of federal awards, and the schedules of passenger facility charges and expenditures of passenger facility charges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the non-major funds budgetary comparison schedules, the schedule of expenditures of federal awards, and the schedules of passenger facility charges and expenditures of passenger facility charges are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2020

CITY OF LYNCHBURG, VIRGINIA

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) of the City of Lynchburg's (City) financial statements offers readers a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2020. The Lynchburg City Schools (Schools) component unit is included in this narrative also. The information presented here should be considered in conjunction with additional information provided in the Letter of Transmittal.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of resources of the City exceeded its total liabilities and deferred inflows of resources at June 30, 2020 by \$411.1 million (net position). Unrestricted net position of (\$78.9) million represented (\$91.4) million for governmental activities, which included the general fund, and \$12.5 million for business-type activities, which included the enterprise funds (water, sewer, stormwater, and airport).
- The general fund's unassigned fund balance of \$34.6 million was 17.9% of total general fund revenues, which were \$192.8 million. This was \$15.3 million more than the City Council adopted unassigned fund balance policy requirement of 10%, or \$19.3 million.
- In comparison with the prior fiscal year, the City's total net position increased 8.0%, or \$30.4 million, from FY 2019. Net position of governmental activities increased 11.0%, or \$14.7 million, from FY 2019; and, net position of business-type activities increased 6.3%, or \$15.7 million. The Schools' total net position decreased 1.1% or \$1.0 million, from FY 2019.
- The City's total revenues of \$273.8 million increased 0.4%, or \$1.0 million, and total expenses of \$243.4 million increased 0.7%, or \$1.8 million, from FY 2019. General revenues of \$149.9 million were \$30.4 million more than the expenses net of program revenues of \$119.5 million.
- For the current fiscal year, the City's total liabilities and deferred inflows of resources of \$676.1 million increased 2.6% or \$17.1 million from FY 2019.
- The City decreased its overall debt by \$5.3 million. Governmental activities increased by \$9.0 million and business-type activities decreased by \$14.3 million. This includes the issuance of new debt totaling \$50.4 million, of which \$36.5 million was for governmental activities and \$13.9 million was for business-type activities. Debt retirements, through a combination of planned retirements and debt refunding, totaled \$48.2 million; of which \$25.5 million was for governmental activities and \$22.7 million was for business-type activities. Additionally, there was a \$7.5 million overall decrease in the use of bond anticipation notes of which \$2.0 million was for governmental activities and \$5.5 million was for business-type activities. The City's general obligation bonds continued to maintain an Aa2 rating from Moody's Investors Service; an AA+ rating from Fitch Ratings; and, an AA+ from Standard & Poor's Global Ratings Services.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the City of Lynchburg's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements including budgetary comparisons.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the City's net position and changes in net position. One can think of the City's net position – the difference between assets, liabilities, and deferred inflows/outflows of resources – as a way to measure the City's financial health, or financial position. Over time, increases or decreases in net position help determine whether the City's financial position is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, the City is divided into the following:

Governmental activities - The City's basic services are reported here: general government, police, fire and emergency medical services, public works, juvenile and social services, parks and recreation, community development, and fleet internal services. Property taxes, other taxes, and intergovernmental revenue are the primary sources that finance these activities.

Business-type activities - The financial information for the water, sewer, stormwater, and airport activities are reported here. The City charges a fee to customers to fund all or most of the cost of services provided by these activities.

Component units - The City also includes three separate legal entities in its report – the Lynchburg City Schools, the Greater Lynchburg Transit Company, and the Business Development Centre, Inc. While these represent legally separate entities, their operational or financial relationship with the City makes the City financially accountable.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate fiscal accountability. As described in the following information, the City uses governmental, proprietary, and fiduciary fund financial statements to provide detailed information regarding its most significant funds.

Governmental Funds

Governmental funds report most of the City's basic services. The funds focus on cash and other financial resources that can be readily converted to cash flows in and out, and balances left at year-end that are available for future spending. Consequently, the governmental funds statements provide a near or short-term view of the City's finances that helps the reader determine whether there are greater or fewer financial resources available in the near future to finance City programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements to explain the relationship (or differences) between them.

Proprietary Funds

Proprietary funds report the same functions that are presented as business-type activities in the government-wide financial statements. Proprietary funds are classified as enterprise or internal service funds. An enterprise fund reports any activity for which fees are charged to external users for goods or services. Internal service funds account for goods and services provided on a cost reimbursement basis from activities within the government. The City maintains the accounting for four enterprise funds: water, sewer, stormwater, and airport operations; and an internal service fund to account for its fleet services. Because fleet services predominantly benefit governmental rather than business-type functions, the internal service fund is included within governmental activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the City cannot use these assets for its operations.

Notes to the Financial Statements

The Notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees.

The combining and individual fund statements and schedules for all nonmajor funds include the governmental, special revenue, and capital projects funds. Budget to actual statements are provided for governmental and special revenue funds with legally adopted budgets.

The City's and the Schools' financial statements are included in one Comprehensive Annual Financial Report. The Greater Lynchburg Transit Company and the Business Development Centre, Inc. issue separate reports.

Other Supplementary Information for the City and Schools includes a Statistical Section, Schedule of Expenditures of Federal Awards, and Schedules of Passenger Facility Charges Revenues and Expenditures.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following table reflects condensed information for the City's net position. Percentage changes in the table below were rounded for the following narrative.

Summary of Statement of Net Position
As of June 30, 2020/2019
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
	2020	2019	2020	2019	2020	2019	2020-2019	2020	2019
Current and other assets	\$ 162.3	\$ 127.6	\$ 67.4	\$ 88.8	\$ 229.7	\$ 216.4	6%	\$ 15.7	\$ 17.5
Capital assets	405.8	405.2	420.1	395.9	825.9	801.1	3%	6.7	7.0
Total assets	568.1	532.8	487.5	484.7	1,055.6	1,017.5	4%	22.4	24.5
Total deferred outflows of resources	27.0	18.6	4.6	3.6	31.6	22.2	42%	22.2	15.6
Long-term liabilities	354.8	369.3	214.3	230.8	569.1	600.1	-5%	108.1	101.8
Other liabilities	25.4	17.7	7.8	7.0	33.2	24.7	34%	11.8	13.6
Total liabilities	380.2	387.0	222.1	237.8	602.3	624.8	-4%	119.9	115.4
Total deferred inflows of resources	67.1	31.3	6.7	2.9	73.8	34.2	116%	17.4	16.4
Net Position									
Net investment in capital assets	235.9	236.3	250.8	235.1	486.7	471.4	3%	6.7	7.0
Restricted for Capital projects	0.7	0.7	-	-	0.7	0.7	0%	-	-
Restricted for Grants and other	2.6	2.8	-	-	2.6	2.8	-7%	-	-
Unrestricted	(91.4)	(106.7)	12.5	12.5	(78.9)	(94.2)	-16%	(99.4)	(98.7)
Total net position	\$ 147.8	\$ 133.1	\$ 263.3	\$ 247.6	\$ 411.1	\$ 380.7	8%	\$ (92.7)	\$ (91.7)

The City's total net position of \$411.1 million increased 8.0%, or \$30.4 million, from FY 2019.

Net investment in capital assets of \$486.7 million was 118.4% of total net position and increased 3.2%, or \$15.3 million. Net position invested in capital assets was not available for future expenses because the assets are facilities, equipment, and infrastructure, etc. utilized to provide services. Please refer to Notes 8 and 9 of this report and the MD&A's capital assets and long-term debt sections.

The City has unrestricted net position of (\$78.9) million, which is comprised of (115.8%), or (\$91.4) million, for governmental activities, and 15.8%, or \$12.5 million, for business-type activities. Unrestricted net position available for providing services to the citizens increased 16.2%, or \$15.3 million from FY 2019. Restricted net position of \$3.3 million is comprised primarily of \$0.7 million of grant funds restricted for transportation projects and \$2.6 million of grant funds restricted mainly for public safety.

The Schools' component unit total net position of (\$92.7) million decreased 1.1%, or \$1.0 million from FY 2019. Unrestricted net position of (\$99.4) million decreased 0.7%, or \$0.7 million from FY 2019.

Statement of Activities

The City's total revenues and expenses for governmental activities, business-type activities, and the Schools' component unit are reflected in the following table. Percentage changes in the table below were rounded for the following narrative.

Summary of Changes in Net Position For Fiscal Years Ended June 30, 2020/2019 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
	2020	2019	2020	2019	2020	2019	2020-2019	2020	2019
Revenues:									
Program Revenues:									
Charges for services	\$ 14.1	\$ 14.8	\$ 44.6	\$ 44.8	\$ 58.7	\$ 59.6	-2%	\$ 3.0	\$ 2.1
Operating grants/contributions	47.0	44.7	1.1	0.4	48.1	45.1	7%	68.4	69.2
Capital grants/contributions	4.2	8.3	12.9	11.8	17.1	20.1	-15%	-	-
General Revenues:									
Property taxes	85.5	81.4	-	-	85.5	81.4	5%	-	-
Other taxes	53.7	55.7	-	-	53.7	55.7	-4%	-	-
Unrestricted intergovernmental	6.4	6.4	-	-	6.4	6.4	0%	-	-
Interest	1.4	1.6	0.9	1.1	2.3	2.7	-15%	-	-
IRS Subsidy Build America Bonds	0.1	0.3	0.1	0.3	0.2	0.6	-67%	-	-
Miscellaneous	1.0	0.7	0.5	0.1	1.5	0.8	88%	1.6	0.9
Gain on sale of assets	0.2	0.4	0.1	-	0.3	0.4	-25%	-	-
City appropriation	-	-	-	-	-	-	-	37.4	38.3
Total Revenues	213.6	214.3	60.2	58.5	273.8	272.8	0%	110.4	110.5
Expenses:									
General government	14.4	13.7	-	-	14.4	13.7	5%	-	-
Judicial	6.5	6.7	-	-	6.5	6.7	-3%	-	-
Public safety	49.5	49.9	-	-	49.5	49.9	-1%	-	-
Public works	29.0	29.6	-	-	29.0	29.6	-2%	-	-
Health and human services	30.8	28.2	-	-	30.8	28.2	9%	-	-
Cultural and recreational	10.4	10.8	-	-	10.4	10.8	-4%	-	-
Community development	6.4	6.6	-	-	6.4	6.6	-3%	-	-
Education	45.0	45.8	-	-	45.0	45.8	-2%	111.4	106.1
Interest & other fiscal charges	6.2	7.0	-	-	6.2	7.0	-11%	-	-
Issuance costs	0.7	-	-	-	0.7	-	100%	-	-
Stormwater	-	-	3.4	3.1	3.4	3.1	10%	-	-
Airport	-	-	5.1	5.0	5.1	5.0	2%	-	-
Water	-	-	15.0	14.9	15.0	14.9	1%	-	-
Sewer	-	-	21.0	20.3	21.0	20.3	3%	-	-
Total Expenses	198.9	198.3	44.5	43.3	243.4	241.6	1%	111.4	106.1
Increase in net position before transfers	14.7	16.0	15.7	15.2	30.4	31.2	-3%	(1.0)	4.4
Transfers	-	0.2	-	(0.2)	-	-	-	-	-
Increase in net position	14.7	16.2	15.7	15.0	30.4	31.2	-3%	(1.0)	4.4
Net position beginning	133.1	116.9	247.6	232.6	380.7	349.5	9%	(91.7)	(96.1)
Net position ending	\$147.8	\$133.1	\$263.3	\$247.6	\$411.1	\$380.7	8%	\$(92.7)	\$(91.7)

Governmental Activities

The City's governmental activities are comprised of the general fund, fleet internal services fund, special revenue funds, and capital projects funds. Total net position of \$147.8 million increased 11.0%, or \$14.7 million from FY 2019.

Revenue highlights:

Revenues from governmental activities of \$213.6 million decreased 0.3%, or \$0.7 million from FY 2019.

Program revenues, specifically charges for services of \$14.1 million had an overall decrease of \$0.7 million. The decrease is primarily attributed to the following: \$0.7 million decrease in program income from the Community Development Block grant; \$0.1 million decrease in cultural and recreation fees; \$0.2 million decrease in ambulance service fees; \$0.1 million increase in court fines and fees; \$0.4 million increase in residential trash disposal fees; and \$0.2 million decrease in health and human services fees.

Operating grants and contributions increased \$2.3 million. The increase is primarily attributed to the following: \$0.5 million increase in public safety grants; \$0.4 million increase in public works grants from Coronavirus Aid, Relief, and Economic Security (CARES) Act funds; \$1.3 million increase in health and human services grants; and \$0.1 million increase in Community Development Block grant funds.

Capital grants and contributions decreased \$4.1 million. The decrease is mainly attributed to the following: \$0.3 million decrease in contributions for assets donated to the City; \$1.6 million decrease in contributions from Liberty University for the Liberty University Intramural Field Road, Phase III project; \$2.7 million decrease in reimbursements from the Virginia Department of Transportation (VDOT) revenue sharing program; \$0.1 million decrease in Safe Route to Schools grant funds; \$0.9 million increase in Transportation Alternative Grant funds; and \$0.3 million decrease in capital contributions from the Schools.

General revenues, specifically property taxes of \$85.5 million, increased \$4.1 million. Property taxes are comprised mainly of real property and personal property taxes. The City's general reassessment of real property occurs biennially and is effective on July 1 of the fiscal year. Real estate taxes increased \$2.7 million and personal property taxes increased \$1.4 million.

Other taxes revenue of \$53.7 million decreased \$2.0 million. Other taxes are comprised mainly of revenue from local sales, meals, lodging, consumer utilities, business licenses, motor vehicle licenses, and communications sales and use taxes. The decrease is primarily attributed to the following: \$0.6 million increase in local sales tax; \$1.4 million decrease in meals tax; \$0.1 million decrease in consumer utility taxes; \$0.2 million increase in business license tax; \$0.4 million decrease in bank stock tax; \$0.2 million decrease in amusement tax; and \$0.5 million decrease in lodging tax.

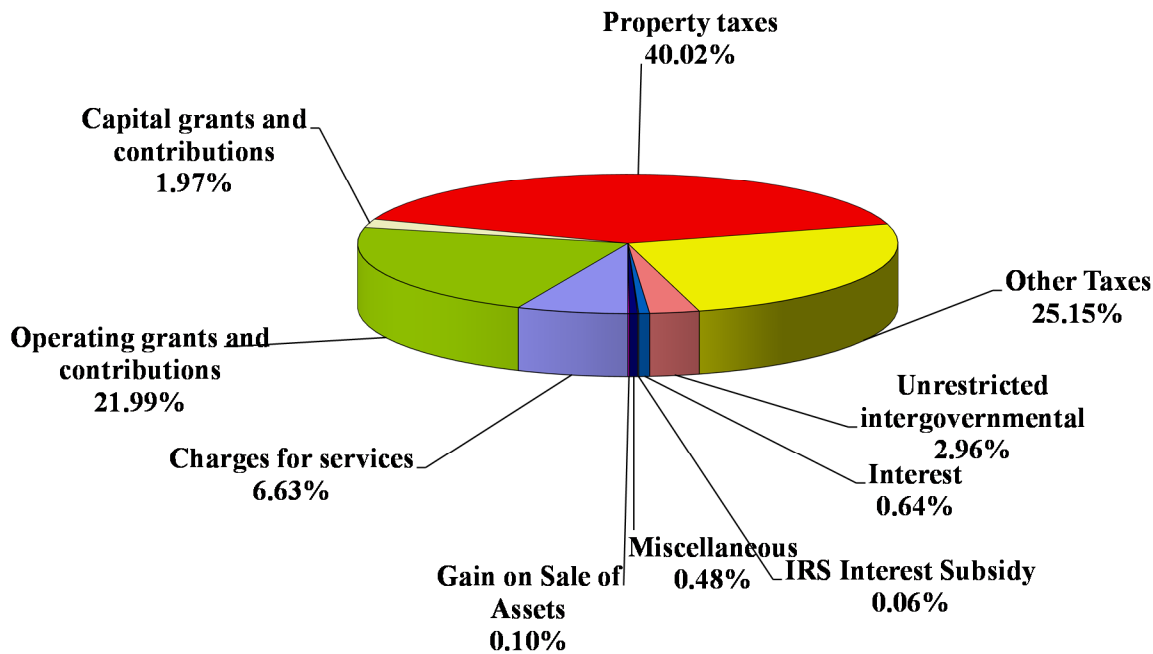
Interest revenue of \$1.4 million decreased \$0.2 million primarily due to lower interest rates during FY 2020.

In accordance with the issuance of Build America Bonds, the City received \$0.1 million for IRS interest subsidy.

Miscellaneous revenue increased \$0.3 million primarily due to the increase in profit sharing from the Regional Services Authority.

The following chart reflects the governmental activities distribution of revenues by source.

Revenue by Source-Governmental Activities



Expense highlights:

Governmental activities expenses of \$198.9 million increased 0.3%, or \$0.6 million from FY 2019.

General government expenses increased \$0.7 million. The increase is primarily due to a combination of increases and decreases. Increases included: \$0.7 million in pension expense; \$0.3 million in workers compensation payments; and \$0.3 million in computer equipment. Other postemployment benefits decreased \$0.5 million.

Public safety expenses decreased \$0.4 million primarily due to a combination of increases and decreases. Increases included: \$0.2 million for overtime expenses; \$0.2 million for salaries; \$0.2 million for certification pay; and \$2.2 million for pension expense. Decreases included \$0.6 million for health benefits; \$0.5 million for professional liability insurance; and \$2.3 million in other postemployment benefits.

Public works expenses decreased \$0.6 million primarily due to a combination of increases and decreases. Increases included \$0.3 million for depreciation expense and \$0.6 million for pension expense. Decreases included: \$0.2 million for chemicals; \$0.6 million for improvements to streets and roads; and \$0.6 million in other postemployment benefits.

Health and human services expenses increased \$2.6 million primarily due to increases in public assistance expenses for adoption and children's services for foster care and community based services.

Education expenses decreased \$0.8 million due to a decrease in the local contribution to the schools.

Interest and other fiscal charges decreased \$0.8 million due to the defeasance of the 2009B refunded bonds and decreased interest costs for FY 2020.

Issuance costs increased \$0.7 million due to the issuance of General Obligation Public Improvement Bonds, Series 2020 and a line of credit financing agreement issued in June.

The following table indicates the total cost of services and net cost of services for governmental activities.

***Net Cost of Governmental Activities
For Fiscal Years Ended FY 2020/2019
(in millions)***

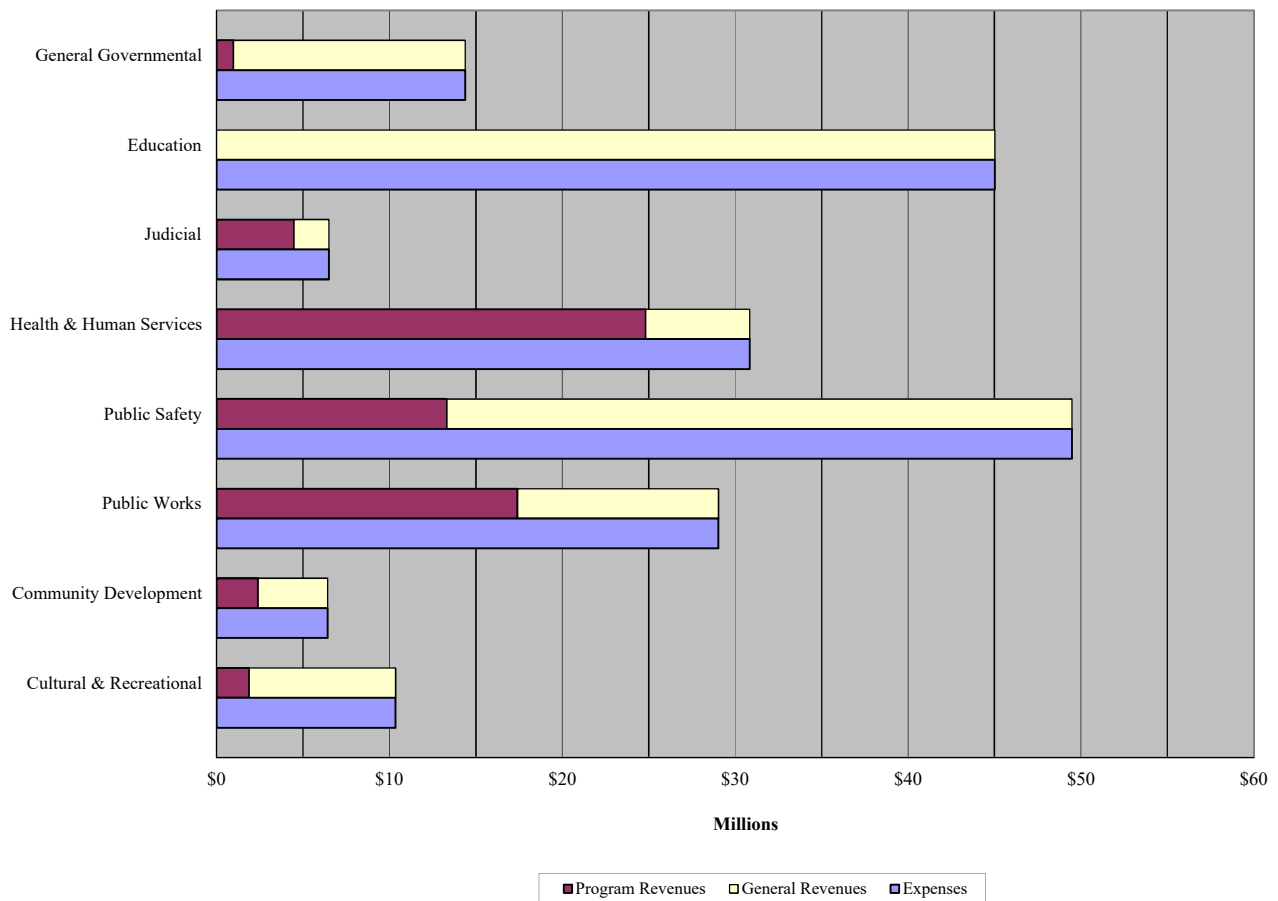
Governmental Activity	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2020	2019	2020-2019	2020	2019	2020-2019
General government	\$ 14.4	\$ 13.7	5%	\$ 13.4	\$ 12.4	8%
Judicial	6.5	6.7	-3%	2.0	2.3	-13%
Public safety	49.5	49.9	-1%	36.2	36.8	-2%
Public works	29.0	29.6	-2%	11.6	8.7	33%
Health and human services	30.8	28.2	9%	6.0	4.4	36%
Cultural and recreational	10.4	10.8	-4%	8.5	9.6	-11%
Community development	6.4	6.6	-3%	4.0	3.8	5%
Education	45.0	45.8	-2%	45.0	45.5	-1%
Interest payments & other fiscal charges	6.2	7.0	-11%	6.2	7.0	-11%
Issuance Costs	0.7	-	100%	0.7	-	100%
Total Governmental Activities	<u>\$ 198.9</u>	<u>\$ 198.3</u>	<u>0.3%</u>	<u>\$ 133.6</u>	<u>\$ 130.5</u>	<u>2%</u>

The four largest funded programs were public safety at 24.9%, or \$49.5 million; local support for education at 22.6%, or \$45.0 million; health and human services at 15.5%, or \$30.8 million; and public works at 14.6%, or \$29.0 million. Education and public safety continued to be high priorities for the City.

The governmental activities total cost of services increased 0.3% from the prior year with a 2.0% increase in the net cost of services. The Statement of Net Position shows that the \$198.9 million in governmental activities program expenses were financed by \$14.1 million from those receiving services, \$47.0 million from operating grants and contributions, \$4.2 million from capital grants and contributions, and \$133.6 million from general revenues. Overall, general revenues of \$148.3 million were \$14.7 million more than the \$133.6 million of expenses net of program revenues.

The following graph compares governmental activities program expenses and program revenues along with general revenues funding required for each program.

Program Expenses and Program Revenues - Governmental Activities



Business-type Activities

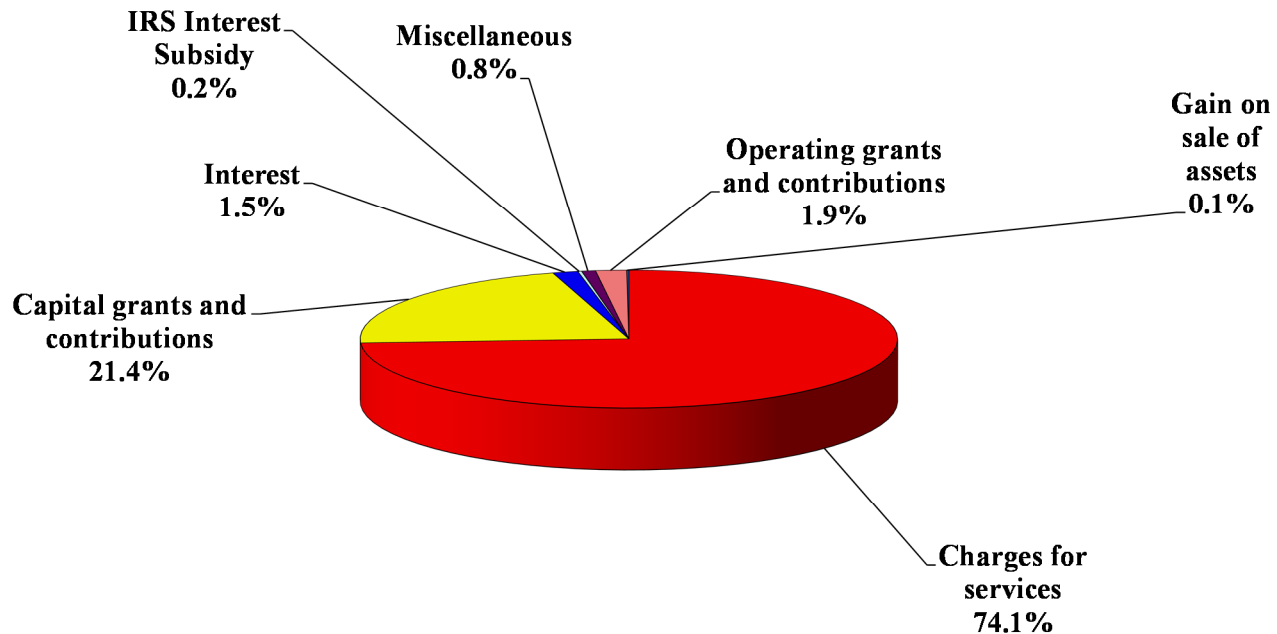
The business-type activities are comprised of enterprise funds for water, sewer, stormwater, and airport operations. Total net position of \$263.3 million increased 6.3%, or \$15.7 million from FY 2019.

Revenue highlights:

Business-type activities revenues of \$60.2 million increased \$1.7 million from the prior year. This was primarily due to a combination of increases and decreases. Increases included: \$0.4 million in the water fund for charges for services; \$0.7 million in the airport fund for CARES Act funds; \$0.6 million for a Stormwater local assistance fund grant; \$0.9 million for capital grants for the airport fund primarily for a passenger boarding bridge; and \$0.4 million in miscellaneous revenue. Decreases included: \$0.2 million in charges for services for the airport fund; \$0.5 million in charges for services in the sewer fund; and \$0.3 million in the water fund for contributions from Liberty University for the Liberty University Intramural Field Road, Phase III project; \$0.1 million decrease in interest; and \$0.1 million decrease in IRS interest subsidy.

The following chart reflects the business-type activities distribution of revenues by source.

Revenues by Source - Business-type Activities



Expense highlights:

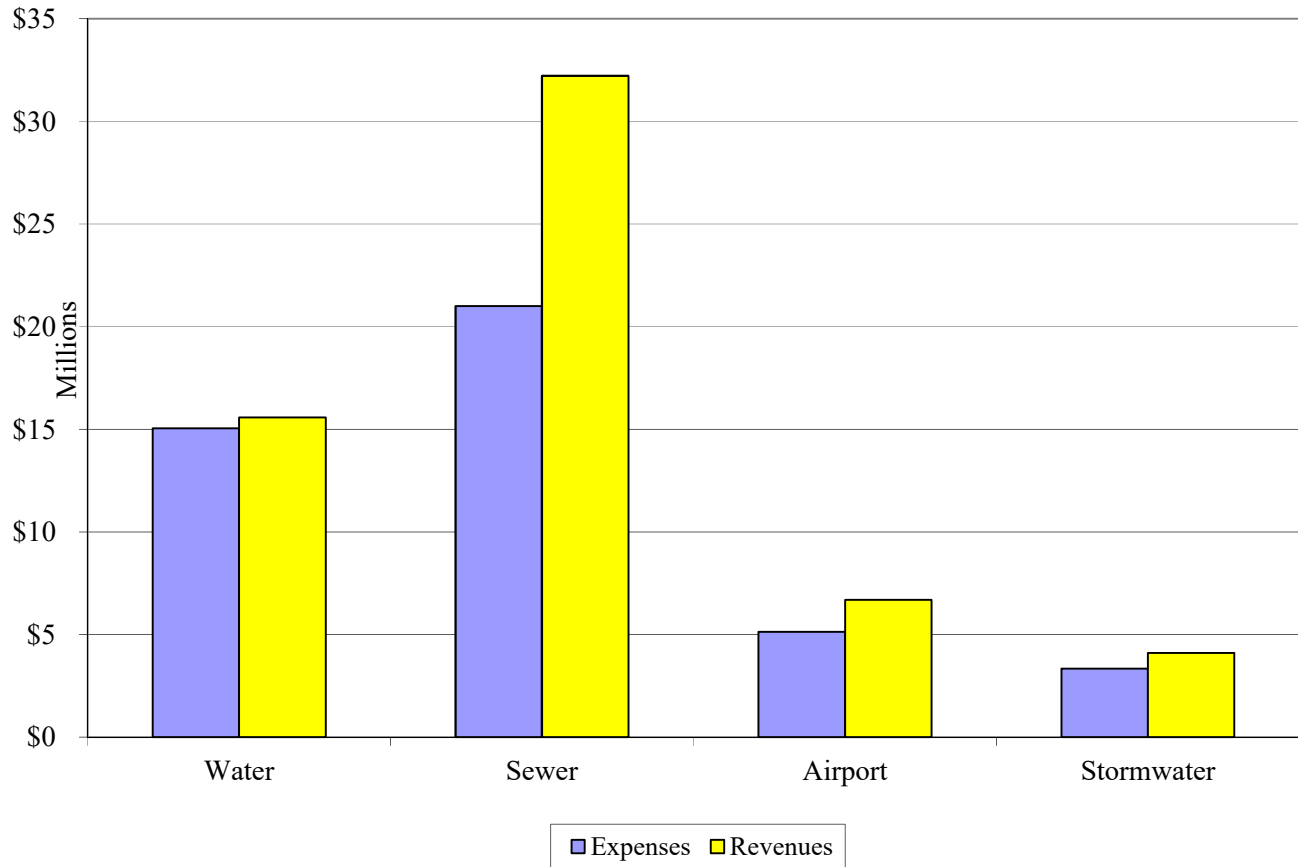
Business-type activities expenses of \$44.5 million increased \$1.2 million from the prior year.

Overall, business-type activities revenues of \$60.2 million were \$15.7 million more than expenses of \$44.5 million.

The proprietary funds provide the same type of information reported in the government-wide financial statements for business-type activities, but in more detail. Please refer to the MD&A section on Financial Analysis of the Fund Financial Statements-proprietary funds for detailed analysis of the business-type activities major funds.

The following graph compares the business-type activities program expenses and program revenues.

Program Expenses and Program Revenues - Business-type Activities



Component Unit – Schools

The Schools' total net position of (\$92.7) million decreased 1.1% or \$1.0 million, from FY 2019. Unrestricted net position of (\$99.4) million decreased 0.7% or \$0.7 million from FY 2019.

Revenue Highlights

Total revenues of \$110.7 million increased 0.2% or \$0.2 million in comparison with the prior year fund financial statements. For FY 2020, \$68.7 million or 62.1% of total revenues were received from the Commonwealth of Virginia and the Federal Government as compared to \$69.2 million received in FY 2019. State sales tax receipts were \$11.8 million for FY 2020. The City government contributed \$37.4 million or 33.8% to education. Federal revenues of \$13.8 million included the \$4.6 million from Title I funds to provide educational services to economically disadvantaged students. School Nutrition revenues of \$5.2 million included \$4.6 million from the Federal government for the operation of the breakfast and lunch programs. Other revenue sources of \$4.6 million or 4.2% of the total revenues included the following: school meals sales; facility and transportation rentals; and other miscellaneous sources.

Expenditure Highlights

Total expenditures of \$110.4 million increased slightly by \$0.7 million from the prior year fund financial statements. For FY 2020, \$77.5 million or 70.2% of total expenditures related directly to providing instruction to an enrollment of 7,933 students and \$15.9 million or 14.4% supported maintenance and operations of school division facilities including the School Nutrition Program. Transportation costs for students were \$5.3 million or 4.8% of total expenditures while administration costs for the schools and attendance and health services for students were \$6.1 million or 5.5%. Technology costs were \$3.8 million or 3.4% of total expenditures. Capital outlay costs were \$1.8 million or 1.6% of total expenditures.

FUND FINANCIAL ANALYSIS

Governmental Funds

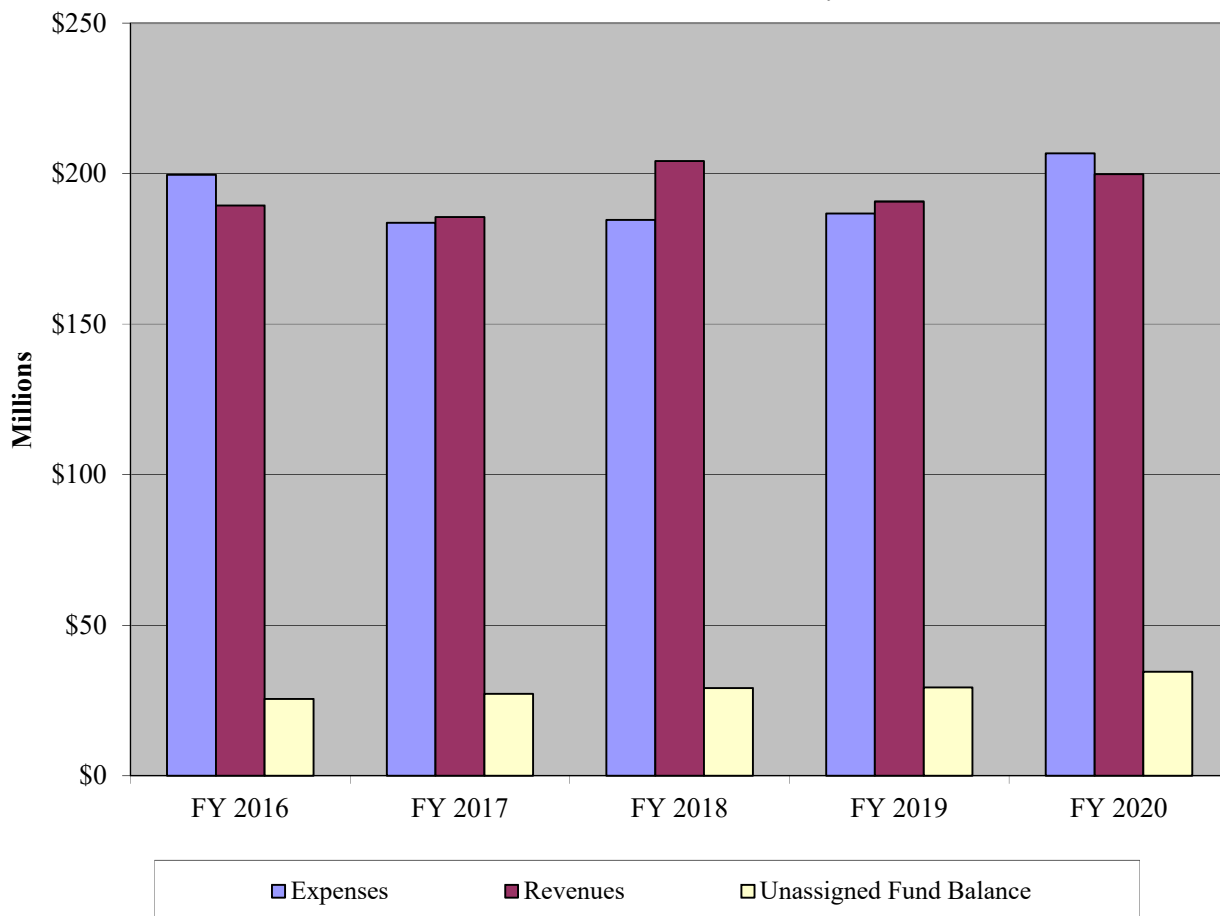
Governmental funds include the general fund, special revenue funds, and capital projects funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

- For FY 2020, the City's governmental funds reported combined fund balances of \$109.7 million, an increase of \$20.1 million from FY 2019. Of that amount, \$3.2 million was restricted; \$61.8 million was committed; \$10.1 million was assigned; and \$34.6 million was unassigned. The general fund's decrease in fund balance was \$6.8 million. The City capital projects fund's increase in fund balance was \$26.3 million. The increase is attributed to the issuance of general obligation bonds for capital projects. The school capital projects fund's increase in fund balance was \$1.0 million and was due to the increase in borrowing for capital projects. Special revenue funds decrease in fund balance was \$0.4 million.
- As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 18.7% of total general fund expenditures, while total fund balance represents 33.2% of that same amount.

General Fund

The general fund is the chief operating fund of the City. The following graph and table present a five-year summary of financial information for expenditures, revenues, and unassigned fund balance as well as a FY 2020 summarized comparison of amended budget versus actual information. In accordance with the implementation of GASB 54, the technology fund is utilized for internal reporting purposes only. For financial statement reporting, the technology fund is collapsed into the general fund. The five year summary includes the technology fund while the budget comparison does not. See further information in Note 1 to the Financial Statements.

Five-Year General Fund Financial Summary



General Fund Budgetary Highlights

<u>Description</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended versus Actual</u>
<u>Revenues & Other Financing Sources</u>				
Taxes	\$ 138.4	\$ 133.8	\$ 139.0	\$ 5.2
Intergovernmental	38.0	38.5	38.1	(0.4)
Other	<u>15.3</u>	<u>21.9</u>	<u>22.6</u>	<u>0.7</u>
Total	<u>191.7</u>	<u>194.2</u>	<u>199.7</u>	<u>5.5</u>
<u>Expenditures & Other Financing Uses</u>				
Expenditures	189.4	207.7	198.2	9.5
Transfers	<u>6.1</u>	<u>8.1</u>	<u>8.1</u>	<u>-</u>
Total	<u>195.5</u>	<u>215.8</u>	<u>206.3</u>	<u>9.5</u>
<u>Change in Fund Balance</u>	<u>\$ (3.8)</u>	<u>\$ (21.6)</u>	<u>\$ (6.6)</u>	<u>\$ 15.0</u>

Actual expenditures and other financing uses of \$206.3 million was more than revenues and other financing sources of \$199.7 million by \$6.6 million, which resulted in a negative change in fund balance that was less than the amended budget projected decrease of \$21.6 million. The FY 2020 adopted budget included the use of \$3.8 million of the FY 2019 General Fund's unassigned fund balance primarily to resource a planned \$5.0 million transfer out for general government capital projects; \$0.6 million transfer to the technology fund for equipment purchases; \$0.5 million transfer out for fleet vehicle replacements; and \$0.1 million transfer to the City/Federal/State Aid fund for matching funds on grants. This transfer is in accordance with City Council's adopted Fund Balance Policy (revised in FY 2020) which states that funds in excess of the targeted fund balance of ten percent (10%) of general fund revenues may be considered to supplement "pay-as-you-go" capital outlay expenditures, with the goal of moving towards the target of fifteen percent (15%). In summary, actual revenues were above the amended budget by \$5.5 million and actual expenditures were below the amended budget by \$9.5 million, resulting in a \$15.0 million increase in fund balance for FY 2020.

Actual revenues were greater than estimated and within 2.8%, or \$5.5 million, of the amended budget. Personal property, real estate, public service corporations, motor vehicle license, sales and use, business license, permits and fees, meals, and lodging taxes were above the amended budget for FY 2020. Intergovernmental revenue was on pace with the amended budget.

Actual expenditures and transfers were \$9.5 million less than the FY 2020 amended budget and mostly attributable to the following unexpended appropriations:

- \$1.8 million for general government
- \$0.2 million for judicial
- \$1.4 million for public safety
- \$0.3 million for public works
- \$0.3 million for health and human services
- \$0.6 million for cultural and recreational
- \$0.5 million for community development
- \$4.1 million for education
- \$0.3 million for debt service

Keeping consistent with Council adopted Financial Policies, City Council appropriated \$1.2 million for a General Fund Reserve for Contingencies. City Council authorized 80.0%, or \$1.0 million in expenditures from this contingency. The remaining 20.0%, or \$0.2 million, reverted to unassigned fund balance.

From the original budget of \$195.5 million, City Council approved budget amendments to increase the budget 10.4%, or \$20.3 million, resulting in an amended budget of \$215.8 million. The budget amendments were primarily for the following purposes:

- \$21.0 million increase for the issuance of refunding bonds.
- \$2.6 million net decrease for third quarter budget amendment requests. Each fiscal year, management reviews current year expenditures and revenue collection patterns and presents to City Council a third quarter budget amendment. The FY 2020 amendment was primarily for reductions in revenues/expenditures due to the COVID-19 pandemic.
- \$2.0 million increase in transfers to other funds.
- \$1.0 million increase to the budget for unexpended items requested to be re-appropriated in the current year to continue programs (first quarter carryforward).

City Capital Projects Fund

The City capital projects fund accounts for the major construction projects of the City other than those financed by proprietary funds or the school capital projects fund. Annually, the City adopts a five year capital project plan. Year one of the plan is appropriated for current year expenditures. The fund balance of \$42.1 million increased 166.5%, or \$26.3 million from FY 2019.

Revenues, issuance of bonds, and transfers of \$47.2 million increased 184.3%, or \$30.6 million primarily due to the following:

- \$33.1 million increase in bond proceeds
- \$0.7 million increase in line of credit proceeds
- \$0.3 million increase in transfers from other funds
- \$1.9 million decrease in state and federal funding
- \$1.6 million decrease in contributions from Liberty University

Expenditures, capital outlay, and transfers of \$20.9 million decreased 6.3%, or \$1.4 million primarily due to the following:

- \$2.1 million increase in Lakeside Drive Bridge over Blackwater Creek
- \$1.8 million increase in Indian Hill Road Bridge Repair
- \$0.9 million increase in Bikeway Bridge to Linkhorne Renovation
- \$0.8 million increase in John Capron Road Extension
- \$0.8 million increase in State of Good Repair 2019 Fort Avenue Paving
- \$0.7 million increase in Main Street Renewal
- \$0.6 million increase in College Lake Dam Removal
- \$0.5 million increase in Riverside Park Overlook Restoration
- \$0.4 million increase in Midtown Parking Deck
- \$0.4 million increase in debt issuance costs
- \$3.4 million decrease in Main Street Bridge Over Expressway
- \$2.8 million decrease in Liberty University Intramural Field Road, Phase III
- \$1.6 million decrease in Street Overlay Program
- \$1.1 million decrease in Fifth Street Streetscape Improvements, Phase III
- \$0.6 million decrease in Timberlake Rd at Logans Lane
- \$0.4 million decrease in Wards Ferry Road Widening
- \$0.3 million decrease in Miller Park Retaining Wall Restoration
- \$0.3 million decrease in transfers

School Capital Projects Fund

The School capital projects fund accounts for the major construction projects of the Lynchburg City Schools. Annually, the City adopts a five year capital project plan. Year one of the plan is appropriated for current year expenditures. The fund balance of \$3.3 million increased \$1.0 million, from FY 2019.

Revenues, issuance of bonds, and transfers of \$4.9 million increased 28.9%, or \$1.1 million. The increase is attributable to the following:

- \$1.4 million increase in proceeds from line of credit for roof replacement projects at Paul Munro, Linkhorne, Dunbar and Sheffield Elementary Schools
- \$0.4 million increase in proceeds from bond funding for Bedford Hills and Perrymont Elementary School gym additions; Bedford Hills Elementary and Dunbar Middle School chiller replacements.
- \$0.3 million decrease in Lynchburg City Schools capital contribution
- \$0.3 million decrease in transfers from the general fund

Expenditures and capital outlay of \$3.9 million increased 95.0%, or \$1.9 million primarily due to the following:

- \$0.8 million increase in Sheffield Elementary School gym addition
- \$0.8 million increase in Bedford Hills Elementary School gym addition
- \$0.6 million increase in Heritage Elementary School roof replacement
- \$0.5 million increase in School Administration Building HVAC upgrade
- \$0.2 million increase in Dunbar Middle School HVAC replacement
- \$0.2 million increase in R.S. Payne Elementary School roof replacement
- \$0.2 million increase in paving for Heritage Elementary School
- \$0.1 million increase in Linkhorne Middle School boiler replacement
- \$0.1 million increase in Linkhorne Middle School chiller rebuild
- \$0.6 million decrease in Linkhorne Middle School roof replacement
- \$0.3 million decrease in elementary school gym additions
- \$0.2 million decrease in Dearington Elementary School roof replacement
- \$0.2 million decrease in E.C. Glass roof replacement
- \$0.1 million decrease in Linkhorne Middle School track replacement
- \$0.1 million decrease in Sandusky Middle School track resurfacing

Proprietary Funds

The proprietary funds are comprised of water, sewer, stormwater, airport, and fleet services. The City accounts for the water, sewer, stormwater, and airport as enterprise funds and fleet services as an internal service fund. In the budgetary management of the enterprise funds, the City has chosen to budget for principal retirement on long-term debt rather than depreciation. Further, the City uses two key financial indicators, fund balance and debt coverage ratios, found in financial policies adopted by City Council to ensure the enterprise funds' financial stability. At the fund level, fund balance is defined as total cash and cash equivalents less unexpended bond proceeds and resources dedicated to capital projects. The fund balance ratio compares fund balance to operating expenses and debt service less depreciation. The debt coverage ratio compares operating income adjusted for depreciation, interest income and miscellaneous income compared to total debt service.

Water Fund

The water fund's total net position of \$33.9 million increased 4.3%, or \$1.4 million, from FY 2019. Net investment in capital assets of \$31.5 million increased 4.0%, or \$1.2 million. Net investment in capital assets was 92.9% of total net position. Unrestricted net position available to fund future expenses increased by 9.1% or \$0.2 million. This was primarily due to an antitrust lawsuit settlement for liquid aluminum sulfate price fixing. Operating revenues totaled \$15.6 million, and increased 3.3%, or \$0.5 million primarily due to overall increased water sales for both contract and noncontract customers. Operating expenses totaled \$13.4 million, and increased 6.3% compared to FY 2019. This was mostly attributable to increased expenses to other postemployment benefits obligations. Investment earnings decreased \$0.07 million. For FY 2020, the fund balance ratio was 60.0% as compared to City Council's financial policy target range of 25% to 40%. The debt coverage ratio was 1.67 as compared to City Council's financial policy minimum target of 1.20.

Sewer Fund

The sewer fund's total net position of \$185.3 million increased 6.9%, or \$11.9 million, from FY 2019. Net investment in capital assets of \$177.6 million increased 8.1%, or \$13.3 million, primarily due to completion of capital projects and increased activity of other projects that are on-going. Net investment in capital assets was 95.8% of total net position. Unrestricted net position available to fund future expenses decreased by 15.4%, or \$1.4 million. This was primarily due to reduction of cash and cash equivalents that funded capital projects. Unrestricted net position was 4.2%, or \$7.7 million of total net position. Operating revenues totaled \$23.2 million and decreased 2.1% or \$0.5 million from FY 2019. This was mostly attributable to decreased septic hauler charges. Operating expenses totaled \$19.8 million and increased 2.6% or \$0.5 million. This was largely due to increased cost of administration and depreciation expenses. Investment earnings decreased \$0.06 million. For FY 2019, the fund balance ratio was 46.0% as compared to City Council's financial policy target range of 25% to 40%. The debt coverage ratio was 1.61 as compared to City Council's financial policy minimum target of 1.20 and was in compliance with the Consent Special Order for Combined Sewer Overflows (CSO) Long Term Control Plan requirements. Please refer to Table 23 in the Statistical Section of this report for details.

Stormwater Fund

The stormwater fund's total net position of \$7.7 million increased 11.6%, or \$0.8 million from FY 2019. Net investment in capital assets of \$6.5 million increased 32.7%, or \$1.6 million primarily due to completion of capital projects and increased activity of capital projects that are on-going. Net investment in capital assets was 84.4% of total net position. Unrestricted net position available to fund future expenses decreased by 40.0%, or \$0.8 million. This was primarily due to reduction of cash and cash equivalents that funded capital projects. Unrestricted net position was 15.6%, or \$1.2 million, of total net position. Operating revenues totaled \$3.5 million and were unchanged from the prior year. Operating expenses totaled \$3.4 million and increased 6.2%, or \$0.2 million due to increased supplies, materials expenses. Investment earnings decreased \$0.02 million. For FY 2020, the fund balance ratio was 44.0% as compared to City Council's financial policy target range of 15% to 20%. The debt coverage ratio was 5.93 as compared to City financial policy minimum target of 1.20. Please refer to Table 24 in the Statistical Section of this report for details.

Airport Fund

The airport fund's total net position of \$40.2 million increased 4.1%, or \$1.6 million, from FY 2019. Net investment in capital assets, of \$35.2 million decreased \$0.2 million, or 0.6% from the prior year. Net investment in capital assets was 87.6% of total net position. Net position, unrestricted, increased 61.3%, or \$1.9 million from FY 2019. Unrestricted net position was 12.4%, or \$5.0 million, of net position. Operating revenues were \$3.4 million, an increase of \$0.5 million or 17.2%. Operating expenses totaled \$5.1 million, an increase of 2.0% or \$0.1 million from FY 2019. Capital contributions totaled \$3.0 million, an increase of 42.9%, or \$0.9 million, and reflects an increase of state and federal contributions received for airport capital projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets, net of depreciation, were \$825.9 million as reflected in the following schedule. The City of Lynchburg owns the land, buildings, and facilities used by Lynchburg City Schools. The Schools had \$6.7 million in capital assets exclusive of buildings and facilities, which were capitalized as the City's assets.

Capital Assets As of June 30, 2020/2019 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
	2020	2019	2020	2019	2020	2019	2020-2019	2020	2019
Capital assets, not being depreciated:									
Land	\$ 23.4	\$ 23.4	\$ 5.1	\$ 5.1	\$ 28.5	\$ 28.5	0%	\$ -	\$ -
Construction in progress	17.5	15.3	57.2	38.4	74.7	53.7	39%	-	-
Capital assets, being depreciated:									
Land improvements	63.1	62.7	14.2	13.3	77.3	76.0	2%	-	-
Buildings and improvements	314.2	308.0	69.8	65.1	384.0	373.1	3%	-	-
Infrastructure	327.4	316.4	492.2	480.6	819.6	797.0	3%	-	-
Machinery and equipment	56.7	54.7	26.6	24.6	83.3	79.3	5%	18.9	18.4
Less: Accumulated depreciation	(396.5)	(375.3)	(245.0)	(231.2)	(641.5)	(606.5)	6%	(12.2)	(11.4)
Total Capital Assets	<u>\$ 405.8</u>	<u>\$ 405.2</u>	<u>\$ 420.1</u>	<u>\$ 395.9</u>	<u>\$ 825.9</u>	<u>\$ 801.1</u>	<u>3%</u>	<u>\$ 6.7</u>	<u>\$ 7.0</u>

During FY 2020 the City's net increase in capital assets was 3.1% or \$24.8 million. Major capital assets completed and placed in service included the following:

- Liberty University Intramural Field Road, Phase III was completed with \$2.3 million of Liberty contributed funds and \$2 million in VDOT contributions.
- Timberlake Road at Wards Ferry Rd, Phase I was completed with \$2.9 million general obligation bonds and \$3.0 million in VDOT contributions.
- Fifth Street Streetscape Improvements, Phase III was completed with \$1.1 million general obligation bonds, and \$1.1 million in VDOT contributions.
- Rock Castle Creek Stream Restoration (Stormwater) was completed for \$2.0 million with funds from Stormwater Local Assistance Funds (SLAF) grant and a loan from the Virginia Resource Authority (VRA).
- Wastewater Treatment Plant Operations Building Renovations was completed for \$4.3 million with general obligation bonds and line of credit proceeds.
- Denver Avenue Water and Sewer Improvements were completed for \$2.7 million with general obligation bonds and line of credit proceeds.
- Fifth Street Phase III Sewer Improvements were completed for \$1.2 million with general obligation bonds and line of credit.

Construction-in-progress at the end of FY 2020 includes John Capron Rd Extension; College Lake Dam Removal; Bikeway Bridge to Linkhorne Renovation; Main Street Renewal; College Lake Dam Removal; Route 501/221 One Way Pair; along with various other transportation and building projects; various sewer system evaluation and rehabilitation projects; various waterline distribution projects; and CSO Wastewater Treatment Plant Upgrade Project. Additional information on the City's capital assets can be found in Note 8 of this report.

Long-term Debt

Total outstanding debt was \$374.2 million with \$187.9 million of business-type activities debt supported by the individual funds, resulting in net bonded debt for governmental activities of \$186.3 million. Liabilities of \$7.4 million for compensated absences and workers compensation were excluded.

Long-term Debt Obligations As of June 30, 2020/2019 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change
	2020	2019	2020	2019	2020	2019	2020-2019
General obligation bonds	\$ 173.5	\$ 160.5	\$ 73.0	\$ 76.6	\$ 246.5	\$ 237.1	4%
General obligation-Direct borrowing	9.2	10.8	0.9	1.2	10.1	12.0	-16%
Revenue bonds	-	-	113.9	118.8	113.9	118.8	-4%
Bond anticipation notes	0.5	2.5	0.1	5.6	0.6	8.1	-93%
Other long-term payables	3.1	3.5	-	-	3.1	3.5	-11%
Total	<u>\$ 186.3</u>	<u>\$ 177.3</u>	<u>\$ 187.9</u>	<u>\$ 202.2</u>	<u>\$ 374.2</u>	<u>\$ 379.5</u>	<u>-1%</u>

Total new debt of \$50.4 million was issued, of which \$36.5 million was for governmental activities, and \$13.9 million was for business-type activities and includes:

- \$49.4 million of general obligation public improvement bonds, of which \$36.5 million was for governmental activities and \$12.9 million was for business-type activities.
- \$1.0 million of revenue bonds issued from the Virginia Revolving Loan Program for stormwater capital projects, all of which was for business-type activities.

The City retired \$48.2 million of outstanding principal. The governmental activities principal retirements were \$25.5 million and the business-type activities principal retirements were \$22.7 million and include:

- \$20.8 million in planned principal retirements, of which \$11.7 million was for governmental activities and \$9.1 million was for business-type activities.
- \$27.4 million of refunded principal payments, of which \$13.8 million was for governmental activities and \$13.6 million was for business-type activities.

There was a \$7.5 million reduction in the use of bond anticipation notes, of which \$2.0 million was for governmental activities and \$5.5 million was for business-type activities. The changes include:

- \$7.8 million increase of the Series 2018 bond anticipation note, of which \$3.9 million was for governmental activities and \$3.9 million was for business-type activities.
- \$15.9 million pay-off of the Series 2018 bond anticipation note, of which \$6.4 million was for governmental activities and \$9.5 million was for business-type activities. The Series 2018 bond anticipation note was permanently financed with a portion of the proceeds from the \$49.4 million general obligation public improvement bond issue.
- \$0.6 million increase of the Series 2020 bond anticipation note, of which \$0.5 million was for governmental activities and \$0.1 million was for business-type activities.

The City's general obligation bonds continued to maintain an Aa2 rating from Moody's Investors Service, an AA+ rating from Fitch Ratings, and an AA+ from Standard & Poor's Global Ratings. These credit ratings were obtained in December 2019 for the City's issuance of \$49.4 million General Obligation Public Improvement Bonds, Series 2020 on January 30, 2020 and again in October 2020 for the City's issuance of \$15.3 million General Obligation Public Improvement Refunding Bonds, Series 2020B on October 29, 2020. All three agencies noted the City's strong management and financial policies and practices when reaffirming the ratings.

On January 15, 2020, the City had a successful general obligation bond sale. The City received nine electronic bids and awarded the \$49.4 million General Obligation Public Improvement, Series 2020 bonds to Robert W. Baird & Co, Inc., at a final All-In-True Interest Cost of 2.27%. The bonds closed on January 30, 2020. The proceeds were used to permanently finance projects funded with the General Obligation Bond Anticipation Note, Series 2018 and to fund new construction projects, including the Lakeside Drive Bridge project.

On June 30, 2020 the City issued a three-year General Obligation Bond Anticipation Note, Series 2020 and concurrently entered into a line of credit Financing Agreement with JPMorgan Chase, N.A. The Agreement provided for borrowings of up to \$42.0 million to provide interim financing for qualifying city, school, water, sewer, stormwater, and fleet capital improvements. Interest on the unpaid principal is equal to the sum of (i) 80% times Daily One-Month London Interbank Offered Rate (LIBOR), plus (ii) 0.96%, as calculated by the Lender on each day. Interest shall be computed on the basis of the actual number of days elapsed in a 360-day year and paid monthly. Final maturity of the Note is June 15, 2023. Outstanding principal as of June 30 is \$0.6 million. The unused line of credit is \$41.4 million.

On October 15, 2020, the City had a very successful general obligation refunding bond sale. The City received four electronic bids and awarded the \$15.3 million General Obligation Public Improvement Refunding Bonds, Series 2020B to Jefferies LLC., at a final All-In-True Interest Cost of 0.98%. The refunding achieved aggregate debt service savings of \$2.79 million or 14.4% of the total refunded par amount on the Net Present Value basis. The bonds closed on October 29, 2020. The Series 2015 direct bank loan was prepaid in full on October 29, 2020 with proceeds from this issue. The Series 2010 bonds were also refunded as a part of this issue and will be called on December 1, 2020.

The Constitution of Virginia limits the amount of general obligation debt a governmental entity may issue to 10% of the total assessed value of real property. As of June 30, 2020, the City's assessed value of real property was \$5.8 billion. The City's debt is less than the current debt limitation of \$581.3 million.

The City's debt management policy states that tax-supported debt should not exceed 4.5% of net assessed valuation of taxable property in the City of Lynchburg. For the purposes of calculating this ratio, assessed value includes real property and personal property. As of June 30, 2020, debt to assessed value was 2.99%. The debt policy also states that the 10-year principal payout ratio shall not be less than 60% at the end of each adopted five-year Capital Improvement Program for tax-supported general obligation indebtedness. As of June 30, 2020, the 10-year principal payout ratio was 62.09%.

Detailed information on the City's long-term debt is included in Note 9 of this report.

ECONOMIC FACTORS

The City's unemployment rate increased from 3.6% in June 2019 to 8.1% in June 2020 due to the economic impact of COVID-19. This reflects the first year over year increase in the unemployment rate since 2010. The City's unemployment rate typically trends above the State rate, which was 8.4% in June 2020. For June 2020, the City's rate is slightly lower recognizing no large employers announced major layoffs related to the pandemic. For the current and previous two years, the City's unemployment rate has trended below the National rate, which was 11.2% for the same period. The Lynchburg economy typically lags the nation in both recession and recovery.

Although still an important sector, manufacturing no longer dominates the Lynchburg economy as it did in the past. American Electric Power (AEP), the region's electric utility provider, remains the City's largest property taxpayer with an 8.5% increase in taxable assessed value over FY 2019. The ten principal property taxpayers, as a whole, realized a slight decrease of 1.1% in taxable assessed value when compared to FY 2019 due to the economic impact of COVID-19. Total assessed value grew \$299 million or 4.7% when compared to FY 2019. The City remains the retail hub for the region and has seen continued growth in the medical services sector. Other important sectors of the Lynchburg economy include wireless technology, engineering, finance, retail, restaurants, and tourism.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, City of Lynchburg, 900 Church Street, Lynchburg, VA, 24504, or via telephone at 434-455-3968. This report, the FY 2020 Operating and Capital Budgets, and FY 2020-2024 Capital Improvement Program are on the City's web site at www.lynchburgva.gov.

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BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2020

	Governmental Activities	Business- Type Activities	Total Primary Government	Component Units		Total Reporting Unit
				Lynchburg City Schools	Other	
Assets						
Cash and cash equivalents	\$ 68,795,031	\$ 25,199,133	\$ 93,994,164	\$ 3,124,220	\$ 1,351,412	\$ 98,469,796
Investments	31,146,092	14,686,530	45,832,622	-	-	45,832,622
Receivables, net of allowance	19,737,569	5,520,088	25,257,657	443,443	1,237,560	26,938,660
Internal balances	3,678,121	(3,678,121)	-	-	-	-
Due from other governments	4,958,182	19,208,511	24,166,693	3,779,350	693,474	28,639,517
Due from primary government	-	-	-	8,000,000	-	8,000,000
Due from component units	4,729,106	-	4,729,106	-	-	4,729,106
Inventory	30,249	530,845	561,094	203,215	293,416	1,057,725
Prepays and other assets	551,987	-	551,987	194,099	198,594	944,680
Restricted assets:						
Cash and cash equivalents	28,668,512	3,402,743	32,071,255	-	-	32,071,255
Due from other governments	-	2,532,354	2,532,354	-	-	2,532,354
Capital assets:						
Nondepreciable	40,961,052	54,956,069	95,917,121	-	1,669,530	97,586,651
Depreciable, net	364,862,482	365,173,771	730,036,253	6,734,298	32,464,555	769,235,106
Total assets	<u>568,118,383</u>	<u>487,531,923</u>	<u>1,055,650,306</u>	<u>22,478,625</u>	<u>37,908,541</u>	<u>1,116,037,472</u>
Deferred Outflows of Resources						
Deferred charge on refunding	2,647,398	1,426,896	4,074,294	-	-	4,074,294
Deferred outflows related to pensions	16,677,361	2,330,342	19,007,703	17,597,366	-	36,605,069
Deferred outflows related to other postemployment benefits	7,673,311	875,587	8,548,898	4,579,387	64,588	13,192,873
Total deferred outflows of resources	<u>26,998,070</u>	<u>4,632,825</u>	<u>31,630,895</u>	<u>22,176,753</u>	<u>64,588</u>	<u>53,872,236</u>
Liabilities						
Accounts payable and other liabilities	7,356,433	5,354,536	12,710,969	570,075	527,466	13,808,510
Accrued payroll and related liabilities	6,399,120	472,741	6,871,861	6,842,768	-	13,714,629
Accrued interest payable	1,478,233	810,362	2,288,595	-	-	2,288,595
Due to other governments	684,550	-	684,550	-	1,271,060	1,955,610
Due to primary government	-	-	-	4,183,184	545,922	4,729,106
Due to component units	8,000,000	-	8,000,000	-	-	8,000,000
Unearned revenue/prepaid rent	1,219,526	-	1,219,526	236,935	-	1,456,461
Deposits payable from restricted assets	224,728	1,190,499	1,415,227	-	-	1,415,227
Noncurrent liabilities:						
Net pension liability	93,318,471	13,039,485	106,357,956	82,501,054	-	188,859,010
Net other postemployment benefit liabilities	53,079,091	6,551,772	59,630,863	24,418,376	648,234	84,697,473
Other noncurrent liabilities due within one year	12,900,533	9,632,159	22,532,692	844,555	-	23,377,247
Other noncurrent liabilities due in more than one year	195,459,879	185,113,817	380,573,696	282,075	96,935	380,952,706
Total liabilities	<u>380,120,564</u>	<u>222,165,371</u>	<u>602,285,935</u>	<u>119,879,022</u>	<u>3,089,617</u>	<u>725,254,574</u>
Deferred Inflows of Resources						
Property taxes	10,442,637	-	10,442,637	-	-	10,442,637
Grants	6,700,844	-	6,700,844	-	-	6,700,844
Deferred inflows related to pension	4,895,737	684,086	5,579,823	14,267,335	-	19,847,158
Deferred inflows related to other postemployment benefits	45,115,763	6,030,756	51,146,519	3,154,116	750	54,301,385
Total deferred inflows of resources	<u>67,154,981</u>	<u>6,714,842</u>	<u>73,869,823</u>	<u>17,421,451</u>	<u>750</u>	<u>91,292,024</u>
Net Position						
Net investment in capital assets	235,958,968	250,754,162	486,713,130	6,734,298	34,134,085	527,581,513
Restricted for:						
Capital projects	677,617	-	677,617	-	-	677,617
Grants	2,554,920	-	2,554,920	-	-	2,554,920
Passenger facility charges	-	53,350	53,350	-	-	53,350
Unrestricted	(91,350,597)	12,477,023	(78,873,574)	(99,379,393)	748,677	(177,504,290)
Total net position	<u>\$ 147,840,908</u>	<u>\$ 263,284,535</u>	<u>\$ 411,125,443</u>	<u>\$ (92,645,095)</u>	<u>\$ 34,882,762</u>	<u>\$ 353,363,110</u>

The Notes to the Financial Statements are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		Total Reporting Unit
					Governmental Activities	Business-Type Activities	Total	Lynchburg City Schools	Other	
Primary government:										
Governmental activities:										
General government	\$ 14,379,320	\$ 586,554	\$ 381,724	\$ 22,500	\$ (13,388,542)	\$ -	\$ (13,388,542)	\$ -	\$ -	\$ (13,388,542)
Judicial	6,499,282	581,557	3,904,948	-	(2,012,777)	-	(2,012,777)	-	-	(2,012,777)
Public safety	49,480,578	6,249,834	7,078,394	-	(36,152,350)	-	(36,152,350)	-	-	(36,152,350)
Public works	29,026,793	1,826,242	12,279,032	3,304,897	(11,616,622)	-	(11,616,622)	-	-	(11,616,622)
Health and human services	30,842,359	2,785,781	22,042,446	-	(6,014,132)	-	(6,014,132)	-	-	(6,014,132)
Cultural and recreational	10,353,308	770,955	233,050	890,491	(8,458,812)	-	(8,458,812)	-	-	(8,458,812)
Community development	6,420,082	1,355,950	1,047,314	-	(4,016,818)	-	(4,016,818)	-	-	(4,016,818)
Education	45,019,250	-	-	-	(45,019,250)	-	(45,019,250)	-	-	(45,019,250)
Interest payments and other fiscal charges	6,157,813	-	-	-	(6,157,813)	-	(6,157,813)	-	-	(6,157,813)
Issuance costs	744,889	-	-	-	(744,889)	-	(744,889)	-	-	(744,889)
Total governmental activities	198,923,674	14,156,873	46,966,908	4,217,888	(133,582,005)	-	(133,582,005)	-	-	(133,582,005)
Business-type activities:										
Stormwater	3,335,424	3,265,521	275,000	556,350	-	761,447	761,447	-	-	761,447
Airport	5,134,437	2,533,763	844,787	3,318,193	-	1,562,306	1,562,306	-	-	1,562,306
Water	15,046,373	15,564,799	-	3,274	-	521,700	521,700	-	-	521,700
Sewer	21,004,040	23,231,507	-	8,986,028	-	11,213,495	11,213,495	-	-	11,213,495
Total business-type activities	44,520,274	44,595,590	1,119,787	12,863,845	-	14,058,948	14,058,948	-	-	14,058,948
Total primary government	\$ 243,443,948	\$ 58,752,463	\$ 48,086,695	\$ 17,081,733	(133,582,005)	14,058,948	(119,523,057)	-	-	(119,523,057)
Component units:										
Lynchburg City Schools	\$ 111,427,629	\$ 2,959,618	\$ 68,445,950	\$ -	-	-	-	(40,022,061)	-	(40,022,061)
Greater Lynchburg Transit Company	10,154,247	675,047	6,268,843	201,406	-	-	-	-	(3,008,951)	(3,008,951)
Business Development Centre	230,896	308,858	-	-	-	-	-	-	77,962	77,962
Total component units	\$ 121,812,772	\$ 3,943,523	\$ 74,714,793	\$ 201,406	-	-	-	(40,022,061)	(2,930,989)	(42,953,050)
General revenues:										
Property taxes					85,485,322	-	85,485,322	-	-	85,485,322
Local sales and use taxes					16,478,533	-	16,478,533	-	-	16,478,533
Meals taxes					13,540,536	-	13,540,536	-	-	13,540,536
Consumer utility taxes					4,527,250	-	4,527,250	-	-	4,527,250
Business license taxes					9,685,320	-	9,685,320	-	-	9,685,320
Communications sales and use taxes					2,812,099	-	2,812,099	-	-	2,812,099
Other taxes					6,672,235	-	6,672,235	-	-	6,672,235
Unrestricted intergovernmental					6,330,695	-	6,330,695	-	-	6,330,695
Interest					1,375,991	916,795	2,292,786	-	-	2,292,786
IRS interest subsidy- Build America Bonds					137,736	139,551	277,287	-	-	277,287
Miscellaneous					1,028,422	500,294	1,528,716	1,614,994	23,110	3,166,820
Gain on sale of assets					208,605	78,542	287,147	-	-	287,147
City appropriation					-	-	-	37,411,557	-	37,411,557
Total general revenues					148,282,744	1,635,182	149,917,926	39,026,551	23,110	188,967,587
Changes in net position					14,700,739	15,694,130	30,394,869	(995,510)	(2,907,879)	26,491,480
Net position - beginning					133,140,169	247,590,405	380,730,574	(91,649,585)	37,790,641	326,871,630
Net position - ending					\$ 147,840,908	\$ 263,284,535	\$ 411,125,443	\$ (92,645,095)	\$ 34,882,762	\$ 353,363,110

The Notes to the Financial Statements are an integral part of this statement.

Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	City Capital Projects	School Capital Projects	Other Governmental	Total Governmental
Assets					
Cash and cash equivalents	\$ 48,588,584	\$ 5,977,548	\$ 2,130,198	\$ 8,787,123	\$ 65,483,453
Investments	20,196,192	9,441,587	1,508,313	-	31,146,092
Receivables, net of allowance:					
Taxes excluding penalties	13,190,067	-	-	-	13,190,067
Accounts	5,029,036	-	-	-	5,029,036
Other	1,290,696	100,840	-	113,902	1,505,438
Due from other funds	617,227	-	-	270,794	888,021
Due from other governments	2,313,459	965,015	-	1,679,708	4,958,182
Due from component units	4,604,106	-	-	125,000	4,729,106
Other assets	-	-	-	213	213
Restricted assets:					
Cash and cash equivalents	368,491	27,716,074	-	583,947	28,668,512
Total assets	<u>\$ 96,197,858</u>	<u>\$ 44,201,064</u>	<u>\$ 3,638,511</u>	<u>\$ 11,560,687</u>	<u>\$ 155,598,120</u>
Liabilities					
Accounts payable and other liabilities	\$ 3,099,736	\$ 2,067,607	\$ 360,119	\$ 1,300,312	\$ 6,827,774
Accrued payroll and related liabilities	6,503,348	4,608	-	175,169	6,683,125
Due to other funds	493,729	1,507	-	471,671	966,907
Due to other governments	637,159	-	-	47,391	684,550
Due to component units	8,000,000	-	-	-	8,000,000
Unearned revenue/prepaid rent	1,219,526	-	-	-	1,219,526
Deposits payable from restricted assets	224,728	-	-	-	224,728
Total liabilities	<u>20,178,226</u>	<u>2,073,722</u>	<u>360,119</u>	<u>1,994,543</u>	<u>24,606,610</u>
Deferred Inflows of Resources					
Unavailable revenue	14,440,681	-	-	6,885,840	21,326,521
Total deferred inflows of resources	<u>14,440,681</u>	<u>-</u>	<u>-</u>	<u>6,885,840</u>	<u>21,326,521</u>
Fund Balances					
Restricted	-	677,617	-	2,554,920	3,232,537
Committed	16,944,527	41,449,725	3,278,392	125,384	61,798,028
Assigned	10,054,580	-	-	-	10,054,580
Unassigned	34,579,844	-	-	-	34,579,844
Total fund balances	<u>61,578,951</u>	<u>42,127,342</u>	<u>3,278,392</u>	<u>2,680,304</u>	<u>109,664,989</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 96,197,858</u>	<u>\$ 44,201,064</u>	<u>\$ 3,638,511</u>	<u>\$ 11,560,687</u>	<u>\$ 155,598,120</u>

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Ending fund balance - governmental funds		\$	109,664,989
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			391,815,814
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			4,183,040
Deferred outflow of resources used to reflect deferred losses on debt refunding bonds are not reported in the governmental funds.			2,528,329
Internal service fund activity that has been allocated to the user departments.			3,752,636
Internal service fund is used by management to charge the costs of vehicle maintenance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Assets.			12,420,634
Financial statement elements related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.			
Deferred outflows related to:			
Pensions	\$	16,492,986	
Other postemployment benefits		7,615,606	
Deferred inflows related to:			
Pensions		(4,841,612)	
Other postemployment benefits		(44,728,987)	
Net pension liability		(92,286,799)	
Net other postemployment liability		<u>(52,651,268)</u>	
			(170,400,074)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds. Long-term liabilities at year end consist of:			
Bonds payable		(194,534,944)	
Accrued interest payable		(1,455,873)	
Other long-term payable		(3,062,887)	
Compensated absences		(4,734,652)	
Workers' compensation		<u>(2,336,104)</u>	
			<u>(206,124,460)</u>
Net position of governmental activities		\$	<u><u>147,840,908</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General	City Capital Projects	School Capital Projects	Other Governmental	Total Governmental
Revenues					
Taxes	\$ 139,065,653	\$ -	\$ -	\$ -	\$ 139,065,653
Regulatory licenses, permits and privilege fees	1,162,650	-	-	-	1,162,650
Intergovernmental	38,090,501	7,405,016	-	11,860,656	57,356,173
Fines and forfeitures	323,366	-	-	-	323,366
Revenue from use of money and property	1,908,132	11,361	46,693	37,781	2,003,967
Charges for services	11,168,427	-	-	3,766,449	14,934,876
Miscellaneous	1,052,246	55,372	10,560	181,954	1,300,132
Total revenues	<u>192,770,975</u>	<u>7,471,749</u>	<u>57,253</u>	<u>15,846,840</u>	<u>216,146,817</u>
Expenditures					
Current operating expenditures:					
General government	17,521,050	-	-	36,417	17,557,467
Judicial	5,176,741	-	-	1,128,718	6,305,459
Public safety	47,642,493	-	-	4,768,117	52,410,610
Public works	16,707,843	3,957,238	-	432,983	21,098,064
Health and human services	22,938,513	-	-	8,573,152	31,511,665
Cultural and recreational	8,906,758	168,002	-	4,419	9,079,179
Community development	4,905,846	251,478	-	1,255,861	6,413,185
Education	37,411,557	-	11,710	-	37,423,267
Capital outlay:					
Capital general government	12,102	16,185,698	3,912,432	-	20,110,232
Debt service:					
Principal retirements	17,254,960	-	-	30,555	17,285,515
Interest payments and other fiscal charges	6,514,725	-	-	2,771	6,517,496
Issuance costs	374,779	365,645	4,465	-	744,889
Total expenditures	<u>185,367,367</u>	<u>20,928,061</u>	<u>3,928,607</u>	<u>16,232,993</u>	<u>226,457,028</u>
Excess (deficiency) of revenues over expenditures	<u>7,403,608</u>	<u>(13,456,312)</u>	<u>(3,871,354)</u>	<u>(386,153)</u>	<u>(10,310,211)</u>
Other financing sources (uses)					
Issuance of bonds	6,138,453	31,642,195	3,150,717	-	40,931,365
Premium on debt issuance	593,822	3,051,655	45,671	-	3,691,148
Payments to escrow agent	(13,850,000)	-	-	-	(13,850,000)
Transfers in	274,908	5,084,908	1,661,914	323,686	7,345,416
Transfers out	(7,444,129)	(29,607)	-	(345,301)	(7,819,037)
Total other financing sources (uses)	<u>(14,286,946)</u>	<u>39,749,151</u>	<u>4,858,302</u>	<u>(21,615)</u>	<u>30,298,892</u>
Net changes in fund balances	<u>(6,883,338)</u>	<u>26,292,839</u>	<u>986,948</u>	<u>(407,768)</u>	<u>19,988,681</u>
Fund balances - beginning	<u>68,462,289</u>	<u>15,834,503</u>	<u>2,291,444</u>	<u>3,088,072</u>	<u>89,676,308</u>
Fund balances - ending	<u>\$ 61,578,951</u>	<u>\$ 42,127,342</u>	<u>\$ 3,278,392</u>	<u>\$ 2,680,304</u>	<u>\$ 109,664,989</u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2020**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds		\$	19,988,681
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the detail of the two components.			
Capital outlay			21,721,700
Depreciation expense			(21,208,107)
The net effect of various transactions involving capital assets (donations and loss on disposition of assets) do not provide or use current financial resources and are not reported as revenues or expenditures in the governmental funds.			
			10,181
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			
			240,119
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.			
Employer pension contributions	\$	9,432,090	
Pension expenses		(10,337,648)	
			(905,558)
Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the statement of activities the cost of these benefits earned net of employee contributions is reported as other postemployment benefit expense.			
Employer other postemployment benefit contribution	\$	263,398	
Other postemployment benefit expense		6,238,027	
			6,501,425
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts.			
			(12,962,253)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
			756,841
To eliminate transfers to the internal service fund			
			473,621
The net loss of certain activities of the internal service fund is reported with governmental activities.			
			84,089
Change in net position of governmental activities.	\$		<u>14,700,739</u>

The Notes to the Financial Statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 138,418,252	\$ 133,759,713	\$ 139,065,653	\$ 5,305,940
Regulatory licenses, permits and privilege fees	1,083,200	1,089,430	1,162,650	73,220
Intergovernmental	37,935,109	38,552,371	38,090,501	(461,870)
Fines and forfeitures	372,500	254,944	323,366	68,422
Revenue from use of money and property	1,074,854	1,329,197	1,867,899	538,702
Charges for services	12,089,586	11,544,454	11,168,427	(376,027)
Miscellaneous	697,487	703,375	1,018,388	315,013
Total revenues	191,670,988	187,233,484	192,696,884	5,463,400
Expenditures				
Current operating expenditures:				
General government	24,983,114	18,364,983	16,561,301	1,803,682
Judicial	5,076,774	5,329,325	5,176,741	152,584
Public safety	46,120,332	49,042,482	47,642,493	1,399,989
Public works	15,968,481	16,962,977	16,707,843	255,134
Health and human services	22,337,362	23,234,390	22,938,513	295,877
Cultural and recreational	9,249,896	9,547,739	8,906,758	640,981
Community development	5,138,420	5,399,665	4,905,846	493,819
Education	42,890,498	41,518,676	37,411,557	4,107,119
Debt service:				
Principal retirements	10,897,502	17,254,961	17,254,960	1
Interest payments and other fiscal charges	6,760,971	6,760,971	6,514,725	246,246
Issuance costs	-	436,261	374,779	61,482
Total expenditures	189,423,350	193,852,430	184,395,516	9,456,914
Excess (deficiency) of revenues over expenditures	2,247,638	(6,618,946)	8,301,368	14,920,314
Other financing sources (uses)				
Issuance of bonds	-	6,138,454	6,138,453	(1)
Premium on debt issuance	-	593,822	593,822	-
Payments to escrow agent	-	(13,850,000)	(13,850,000)	-
Transfers in	-	281,093	274,908	(6,185)
Transfers out	(6,134,662)	(8,103,129)	(8,073,682)	29,447
Total other financing sources (uses)	(6,134,662)	(14,939,760)	(14,916,499)	23,261
Net changes in fund balances	(3,887,024)	(21,558,706)	(6,615,131)	14,943,575
Fund balances - beginning	66,198,708	66,198,708	66,198,708	-
Fund balances - ending	\$ 62,311,684	\$ 44,640,002	\$ 59,583,577	\$ 14,943,575

The Notes to the Financial Statements are an integral part of this statement.

Statement of Net Position
Proprietary Funds
June 30, 2020

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
Assets						
Current assets:						
Cash and cash equivalents	\$ 8,097,284	\$ 8,646,587	\$ 1,999,866	\$ 6,455,396	\$ 25,199,133	\$ 3,311,578
Investments	6,442,744	7,996,295	247,491	-	14,686,530	-
Receivables, net of allowance:	1,796,367	3,147,195	449,818	126,708	5,520,088	13,028
Due from other funds	140,363	207,002	17,546	19,276	384,187	13,768
Due from other governments	-	-	-	946,722	946,722	-
Inventory	513,356	-	-	17,489	530,845	30,249
Prepays and other assets	-	-	-	-	-	551,774
Restricted assets:						
Due from members - Regional Sewage Treatment Plant	-	237,120	-	-	237,120	-
Total current assets	16,990,114	20,234,199	2,714,721	7,565,591	47,504,625	3,920,397
Noncurrent assets:						
Due from other governments	-	17,669,692	592,097	-	18,261,789	-
Restricted assets:						
Due from members - Regional Sewage Treatment Plant	-	2,295,234	-	-	2,295,234	-
Cash and cash equivalents	2,649,515	130,385	561,153	61,690	3,402,743	-
Capital assets:						
Nondepreciable	4,771,823	46,032,518	686,189	3,465,539	54,956,069	-
Depreciable, net	71,376,391	253,947,881	7,127,113	32,722,386	365,173,771	14,007,720
Total noncurrent assets	78,797,729	320,075,710	8,966,552	36,249,615	444,089,606	14,007,720
Total assets	95,787,843	340,309,909	11,681,273	43,815,206	491,594,231	17,928,117
Deferred Outflows of Resources						
Deferred charge on refunding	581,375	822,802	-	22,719	1,426,896	119,069
Deferred outflows related to pensions	1,281,119	714,689	123,549	210,985	2,330,342	184,375
Deferred outflows related to other postemployment benefits	446,338	297,091	48,704	83,454	875,587	57,705
Total deferred outflows of resources	2,308,832	1,834,582	172,253	317,158	4,632,825	361,149
Liabilities						
Current liabilities:						
Accounts payable and other liabilities	990,538	3,942,145	147,893	273,960	5,354,536	528,659
Accrued payroll and related liabilities	324,676	182,325	27,312	57,271	591,584	40,258
Accrued interest payable	477,589	311,910	9,508	11,355	810,362	22,360
Due to other funds	73,605	161,871	61,755	12,441	309,672	9,397
Current portion of general obligation bonds	1,823,720	1,381,018	15,000	66,703	3,286,441	218,152
Current portion of direct borrowings	35,525	41,405	-	-	76,930	133,400
Current portion of public utility revenue bonds	-	6,055,995	93,950	-	6,149,945	-
Total current liabilities	3,725,653	12,076,669	355,418	421,730	16,579,470	952,226
Noncurrent liabilities:						
Deposits payable from restricted assets	1,182,159	-	-	8,340	1,190,499	-
Self insurance claims	232,124	28,399	2,021	5	262,549	-
Compensated absences	351,845	187,457	22,721	46,948	608,971	41,819
Pension plan obligation	7,168,526	3,999,059	691,327	1,180,573	13,039,485	1,031,672
Other postemployment benefits obligations	3,327,848	2,232,807	365,221	625,896	6,551,772	427,823
Notes payable	43,889	21,841	15,453	-	81,183	-
General obligation bonds	44,428,211	29,458,789	748,819	962,428	75,598,247	1,907,991
Direct borrowings	359,600	419,120	-	-	778,720	1,066,200
Public utility revenue bonds	-	106,186,992	1,597,155	-	107,784,147	-
Total noncurrent liabilities	57,094,202	142,534,464	3,442,717	2,824,190	205,895,573	4,475,505
Total liabilities	60,819,855	154,611,133	3,798,135	3,245,920	222,475,043	5,427,731
Deferred Inflows of Resources						
Deferred inflows related to pensions	376,080	209,801	36,269	61,936	684,086	54,125
Deferred inflows related to other postemployment benefits	3,041,941	2,072,589	337,564	578,662	6,030,756	386,776
Total deferred inflows of resources	3,418,021	2,282,390	373,833	640,598	6,714,842	440,901
Net Position						
Net investment in capital assets	31,506,001	177,570,472	6,496,175	35,181,514	250,754,162	11,352,819
Restricted for:						
Passenger facility charges	-	-	-	53,350	53,350	-
Unrestricted	2,352,798	7,680,496	1,185,383	5,010,982	16,229,659	1,067,815
Total net position	\$ 33,858,799	\$ 185,250,968	\$ 7,681,558	\$ 40,245,846	267,037,171	\$ 12,420,634
Reconciliation with business-type activities in the Statement of Net Position:						
Internal service fund activity is eliminated for the Statement of Activities, with residual activity allocated to user departments					(3,752,636)	
Total net position of business-type activities					\$ 263,284,535	

The Notes to the Financial Statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Funds					
	Water	Sewer	Stormwater	Airport	Total	Internal Service
Operating revenues						
Charges for services and other operating revenues	\$ 15,564,799	\$ 23,231,507	\$ 3,265,521	\$ 2,533,763	\$ 44,595,590	\$ 5,600,166
Intergovernmental	-	-	275,000	844,787	1,119,787	-
Total operating revenues	<u>15,564,799</u>	<u>23,231,507</u>	<u>3,540,521</u>	<u>3,378,550</u>	<u>45,715,377</u>	<u>5,600,166</u>
Operating expenses						
Personal services and benefits	5,960,956	3,365,150	680,361	1,199,829	11,206,296	743,750
Operation and maintenance	1,269,534	3,649,979	418,487	1,281,301	6,619,301	1,758,800
Supplies and materials	1,210,432	1,738,027	186,793	53,306	3,188,558	37,962
Administration	1,610,286	2,802,473	1,767,225	282,978	6,462,962	888
Other charges	93,493	69,826	11,939	28,466	203,724	15,526
Depreciation	3,225,638	8,131,718	295,876	2,247,024	13,900,256	2,922,360
Total operating expenses	<u>13,370,339</u>	<u>19,757,173</u>	<u>3,360,681</u>	<u>5,092,904</u>	<u>41,581,097</u>	<u>5,479,286</u>
Operating income (loss)	<u>2,194,460</u>	<u>3,474,334</u>	<u>179,840</u>	<u>(1,714,354)</u>	<u>4,134,280</u>	<u>120,880</u>
Nonoperating revenues (expenses)						
Interest income	435,285	350,086	39,235	92,189	916,795	25,827
Miscellaneous	220,157	270,958	3,203	5,976	500,294	9,758
Gain (loss) on disposition of assets	9,621	(175,771)	-	421	(165,729)	201,235
Interest on long-term debt	(1,663,343)	(1,119,367)	(37,254)	(33,252)	(2,853,216)	(115,301)
IRS interest subsidy- Build America Bonds	117,999	21,552	-	-	139,551	-
Total nonoperating revenues (expenses)	<u>(880,281)</u>	<u>(652,542)</u>	<u>5,184</u>	<u>65,334</u>	<u>(1,462,305)</u>	<u>121,519</u>
Income (loss) before contributions and transfers	<u>1,314,179</u>	<u>2,821,792</u>	<u>185,024</u>	<u>(1,649,020)</u>	<u>2,671,975</u>	<u>242,399</u>
Capital contributions	3,274	8,986,028	556,350	2,992,979	12,538,631	-
Passenger facility charges	-	-	-	325,214	325,214	-
Transfers in	-	-	-	-	-	473,621
Change in net position	<u>1,317,453</u>	<u>11,807,820</u>	<u>741,374</u>	<u>1,669,173</u>	<u>15,535,820</u>	<u>716,020</u>
Total net position - beginning	<u>32,541,346</u>	<u>173,443,148</u>	<u>6,940,184</u>	<u>38,576,673</u>	<u>251,501,351</u>	<u>11,704,614</u>
Total net position - ending	<u>\$ 33,858,799</u>	<u>\$ 185,250,968</u>	<u>\$ 7,681,558</u>	<u>\$ 40,245,846</u>	<u>\$ 267,037,171</u>	<u>\$ 12,420,634</u>
Reconciliation with business-type activities in the Statement of Activities:						
Change in net position - enterprise funds reported in this statement					\$ 15,535,820	
Internal service fund activity is eliminated for the Statement of Activities, with residual activity allocated to user departments					<u>158,310</u>	
Change in net position of business-type activities:					<u>\$ 15,694,130</u>	

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
Operating activities						
Cash received from operations	\$ 15,623,257	\$ 23,389,312	\$ 3,544,871	\$ 2,578,196	\$ 45,135,636	\$ 5,600,166
Cash paid to employees	(5,900,216)	(3,831,107)	(551,624)	(1,167,657)	(11,450,604)	(859,259)
Cash paid to suppliers	(4,105,119)	(8,169,055)	(2,356,823)	(1,678,787)	(16,309,784)	(1,366,757)
Net cash provided by (used in) operating activities	<u>5,617,922</u>	<u>11,389,150</u>	<u>636,424</u>	<u>(268,248)</u>	<u>17,375,248</u>	<u>3,374,150</u>
Noncapital financing activities						
Transfers in	-	-	-	-	-	473,621
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>473,621</u>
Capital and related financing activities						
Proceeds from issuance of long-term debt:						
General obligation bonds	4,957,197	8,034,171	764,447	-	13,755,815	-
Bond anticipation notes	1,672,216	2,198,524	65,453	-	3,936,193	-
Payment of long-term debt:						
General obligation debt	(13,257,819)	(3,509,934)	-	(63,266)	(16,831,019)	(344,817)
Bond anticipation notes	(2,773,640)	(6,645,700)	(54,672)	-	(9,474,012)	-
Revenue bonds	-	(5,816,174)	(67,142)	-	(5,883,316)	-
Drawdowns of public utility revenue bonds - revolving loan funds	-	10,908,416	460,968	-	11,369,384	-
Payment of interest on long-term debt	(2,047,303)	(1,120,845)	(28,374)	(39,939)	(3,236,461)	(128,804)
Capital contributions received	3,274	8,350,347	556,350	2,992,979	11,902,950	-
Passenger facility charges collected	-	-	-	354,015	354,015	-
Proceeds from sale of capital assets	9,621	68,500	-	421	78,542	201,235
Additions to capital assets	(4,800,406)	(28,493,935)	(2,548,663)	(1,935,435)	(37,778,439)	(2,716,910)
Proceeds from (payments to) other governments	-	1,027,533	(1,481)	5,976	1,032,028	-
Payments from other organizations	220,157	237,208	3,203	-	460,568	23,481
Net cash provided by (used in) capital and related financing activities	<u>(16,016,703)</u>	<u>(14,761,889)</u>	<u>(849,911)</u>	<u>1,314,751</u>	<u>(30,313,752)</u>	<u>(2,965,815)</u>
Investing activities						
Net sales (purchase) of investments	3,289,750	(2,427,152)	4,270	-	866,868	-
Interest income received	553,284	371,638	39,235	92,189	1,056,346	25,827
Net cash provided by (used in) investing activities	<u>3,843,034</u>	<u>(2,055,514)</u>	<u>43,505</u>	<u>92,189</u>	<u>1,923,214</u>	<u>25,827</u>
Net increase (decrease) in cash and cash equivalents	<u>(6,555,747)</u>	<u>(5,428,253)</u>	<u>(169,982)</u>	<u>1,138,692</u>	<u>(11,015,290)</u>	<u>907,783</u>
Cash and cash equivalents						
Beginning	17,302,546	14,205,225	2,731,001	5,378,394	39,617,166	2,403,795
Ending	<u>\$ 10,746,799</u>	<u>\$ 8,776,972</u>	<u>\$ 2,561,019</u>	<u>\$ 6,517,086</u>	<u>\$ 28,601,876</u>	<u>\$ 3,311,578</u>
Reconciliation to Statement of Net Position						
Current Assets	\$ 8,097,284	\$ 8,646,587	\$ 1,999,866	\$ 6,455,396	\$ 25,199,133	\$ 3,311,578
Restricted Assets	2,649,515	130,385	561,153	61,690	3,402,743	-
	<u>\$ 10,746,799</u>	<u>\$ 8,776,972</u>	<u>\$ 2,561,019</u>	<u>\$ 6,517,086</u>	<u>\$ 28,601,876</u>	<u>\$ 3,311,578</u>

(Continued)

(Continued)

The Notes to the Financial Statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 2,194,460	\$ 3,474,334	\$ 179,840	\$ (1,714,354)	\$ 4,134,280	\$ 120,880
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	3,225,638	8,131,718	295,876	2,247,024	13,900,256	2,922,360
Other postemployment benefit expense net of employer contributions	(352,220)	(320,796)	46,476	9,632	(616,908)	(154,511)
Pension expense net of employer contributions	464,620	(36,369)	36,966	43,703	508,920	50,800
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(21,368)	157,805	4,350	(800,354)	(659,567)	-
(Increase) decrease in due from other funds	(47,148)	(129,105)	(8,003)	(2,844)	(187,100)	135
(Increase) decrease in inventory	(72,426)	-	-	(17,489)	(89,915)	7,409
Increase (decrease) in accounts payable	151,052	91,250	27,621	(15,397)	254,526	439,010
Increase (decrease) in accrued expenses	132,368	(10,761)	11,283	3,906	136,796	8,158
Increase (decrease) in due to other funds	(136,880)	31,074	42,015	(22,225)	(86,016)	(20,091)
Increase in deposits payable	79,826	-	-	150	79,976	-
Net cash provided by (used in) operating activities	<u>\$ 5,617,922</u>	<u>\$ 11,389,150</u>	<u>\$ 636,424</u>	<u>\$ (268,248)</u>	<u>\$ 17,375,248</u>	<u>\$ 3,374,150</u>
Supplemental cash flow information						
Non-cash transactions						
Capital asset additions financed by retainage payable	\$ 114,598	\$ 1,690,067	\$ 85,446	\$ 72,088	\$ 1,962,199	\$ -
Capital asset additions financed by accounts payable	\$ 503,868	\$ 1,808,444	\$ 21,363	\$ 113,578	\$ 2,447,253	\$ -
Amortization of debt related items	\$ 125,749	\$ 30,479	\$ 628	\$ 5,922	\$ 162,778	\$ 10,991
Undrawn public utility revenue bond proceeds	\$ -	\$ 17,669,692	\$ 592,097	\$ -	\$ 18,261,789	\$ -

Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2020

	<u>Special Welfare</u>
Assets	
Cash and cash equivalents	<u>\$ 221,805</u>
Total assets	<u><u>\$ 221,805</u></u>
Liabilities	
Accounts payable	\$ 911
Amounts held for others	<u>220,894</u>
Total liabilities	<u><u>\$ 221,805</u></u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Lynchburg, Virginia (the “City”) was founded by John Lynch in 1757, chartered as a town in 1786, incorporated as a town on January 10, 1805, and received independent City status in 1852. The City operates on a Council-Manager form of Government and provides municipal services to its residents. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City’s reporting entity because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Units: The component units’ columns in the combined financial statements include the data of the City’s three component units. They are reported in separate columns to emphasize that they are legally separate from the City. The governing bodies of these component units are appointed by City Council.

Lynchburg City Schools: The Lynchburg City Schools (the “Schools”) operates one pre-school, eleven elementary schools, three middle schools, and two high schools in the City. The Schools are fiscally dependent on the City and are prohibited from issuing bonded debt without approval of City Council. The City is legally obligated to provide financial support to the Schools by State Law of the Commonwealth of Virginia. Annually the State Superintendent provides the City with the amount of the Required Local Effort (RLE).

Business Development Centre, Inc.: The Business Development Centre, Inc. (the “Centre”) provides business advisory services to small businesses in the Central Virginia area, operates a business incubator, and provides financing for qualifying businesses under certain federal programs. The City provides financial support to the Centre by leasing to the Centre, at a nominal amount, the facility which houses the Centre’s operations. As part of the operating agreement with the Centre, the City agrees to advance operating funds to the Centre to cover working capital needs. The City has agreed to provide local matching funds under the revolving loan fund program.

Greater Lynchburg Transit Company: The Greater Lynchburg Transit Company (“GLTC”) was created in 1974 to serve the greater Lynchburg area with public bus and paratransit transportation. GLTC is organized as a not-for-profit stock corporation with the City of Lynchburg as the sole stockholder. The capital for the purchase of the Company’s assets has been provided by federal, state, and local grants, and GLTC is dependent on various operating grants to subsidize operations. The City provides financial support to GLTC through the assumption of the obligation to finance GLTC’s deficits and through annual appropriations for the GLTC operating budget. In accordance with the Memorandum of Understanding signed in FY2013, when GLTC has an operating surplus, the City will establish a Special Reserve to support transit operations. The reserve will be used to cover unplanned cash shortfalls in the annual budget.

Complete financial statements of the individual component units can be obtained directly from their administrative offices at the addresses listed below. The Lynchburg City Schools financial statements are not separately prepared, but are included in this financial report.

Business Development Centre, Inc.
147 Mill Ridge Road
Lynchburg, Virginia 24502

Greater Lynchburg Transit Company
Post Office Box 797
Lynchburg, Virginia 24505-0797

Jointly Governed Organizations: The following entities are excluded from the accompanying financial statements:

Blue Ridge Regional Jail Authority: The Blue Ridge Regional Jail Authority (the “Authority”) was created by certain Member Jurisdictions for the purpose of developing and operating a regional jail system to be established by acquiring, renovating, and expanding certain existing jail facilities, and constructing additional jail facilities. The Member Jurisdictions are the City of Lynchburg and the Counties of Amherst, Appomattox, Halifax, Bedford, and Campbell. The Authority began operating the existing jail facilities in the Member Jurisdiction on July 1, 1998.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Blue Ridge Regional Jail Authority: (Continued)

The City sold its existing jail facilities to the Authority during FY1997. A new central jail facility was constructed in Lynchburg and opened in FY2000. It is owned and operated by the Authority. Each Member Jurisdiction pays a per diem charge for each day that one of its prisoners is at any Regional Jail Facility. In accordance with the Service Agreement, the Authority has divided the per diem charge into an operating component and a debt service component. The per diem charge is based on an agreed upon number of prisoner days, and is subject to an adjustment at the end of each fiscal year. During FY2020, the City paid \$5,345,521 to the Authority.

Horizon Behavioral Health (formerly Central Virginia Community Services Board): The City, in conjunction with the counties of Amherst, Appomattox, Bedford, and Campbell participate in Horizon Behavioral Health, the governing Board of which is composed of two members from each of the participating localities. The City appropriated \$567,000 for an operating contribution in FY2020.

Central Virginia Planning District Commission: The City serves as the Local Workforce Development Area grant recipient on behalf of the Central Virginia Planning District Commission/Central Virginia Local Workforce Development Area VII. According to the requirements, grant funds are used to provide employment and training activities for adults and dislocated workers and to provide services for eligible youth. During FY2020, the Central Virginia Planning District Commission received \$1,244,469 in grant funds.

Region 2000 Services Authority: During 2008, the City, in conjunction with the Counties of Campbell and Nelson and the City of Bedford, created the Region 2000 Services Authority (the "Authority"). Appomattox County joined soon thereafter. The City of Bedford withdrew in 2013. Each member jurisdiction pays a per-ton disposal charge based on the actual cost of operation (cost of service), which includes both an operating component and a debt service component. The governing Board is composed of one member from each of the participating localities. In accordance with the member use agreement, the City provided the Authority \$300,000 in initial start up costs. During FY2020, the City paid \$704,380 to the Authority.

Central Virginia Radio Communications Board: During 2012, the Old Central Virginia Regional Radio Communications Board was dissolved and replaced by the Region 2000 Radio Communications Board (the "Board"); name has since reverted back to *Central Virginia Radio Communications Board*. Since the current regional radio system was in need of significant upgrade and replacement before July 1, 2014, the Board was formed in order to manage the project operations and maintenance, including the issuance of debt to finance the upgrades and replacements in an efficient and cost effective manner. The Board consists of representatives from Amherst County, Bedford County, the Town of Bedford, the City of Lynchburg, collectively the "Member Jurisdictions", and Virginia's Region 2000 Local Government Council ("Council"). The Member Jurisdictions and the Council entered into a Cooperative Agreement which requires each Member Jurisdiction to contribute their pro rata share for annual capital costs, operational costs, and any annual deficit. The City's pro rata share is 33.1% effective through July 1, 2013. In accordance with the Cooperative Agreement, the City transferred the title to all 1996 assets to the Council. The Council issued debt of \$13,100,000 in May 2012 to finance the upgrade and replacement of the existing radio system. Each Member Jurisdiction contributes toward the debt service payments made by the Council through their pro rata share of capital costs. The City's pro rata share of capital costs is 30.1%. Should the Council fail to make debt service payments, the Member Jurisdictions have a moral non-binding obligation to pay the debt service. During FY2020, the City paid \$684,853 to the Board. The City's scheduled capital cost payment for FY21 is \$684,741.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Related Organizations: The following entities are excluded from the accompanying financial statements:

Lynchburg Redevelopment and Housing Authority: Under the *Code of Virginia* (“Code”), the Commonwealth of Virginia (“Commonwealth”) created in each city and county a redevelopment and housing authority which is a separate political subdivision of the Commonwealth. In April 1956, City Council activated the Lynchburg Redevelopment and Housing Authority (the “LRHA”) which owns and operates federal and state-assisted housing projects for low-income families and administers urban development projects. Commissioners of the LRHA are appointed by City Council; however, City Council is not financially accountable for LRHA. During FY2020, the City appropriated \$193,888 to the LRHA from the Community Development Block Grant Fund.

Economic Development Authority of the City of Lynchburg: Under the *Code*, City Council passed an ordinance on March 14, 1967, which created the Industrial Development Authority of the City of Lynchburg (the “IDA”). The IDA was established to promote industry and develop trade within the City. The IDA is governed by a board of seven directors appointed by City Council; however, City Council is not financially accountable for the IDA. In 2008 City Council changed the name from the Industrial Development Authority (IDA) to the Economic Development Authority (EDA) to more accurately reflect the work of the Authority beyond the focus of industrial development. During FY2020, the City paid \$250,000 to the Economic Development Authority.

Other Boards and Commissions: City Council appoints certain members of various boards and commissions’ governing bodies as provided under state and local laws and ordinances. The boards and commissions are advisory in nature and City Council is not financially accountable for these organizations.

B. Basis of Presentation

The accompanying financial statements present the government and its component units, legally separate entities for which the City is financially accountable.

Government-wide Statements: The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. These statements include the financial activities of the overall government. The effect of interfund activity, other than services provided and used, has been eliminated from these statements to minimize the double counting of internal activities. Excess revenues or expenses of the Internal Service Fund are allocated to the appropriate governmental functional activity. These statements distinguish between the *governmental and business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements: The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled. The various fund categories and fund types presented in the financial statements are described below:

Governmental Fund Types: Governmental funds account for expendable financial resources, other than proprietary fund types. Governmental fund types use the flow of current financial resources measurement focus.

The City reports the following major governmental funds:

General Fund: The General Fund is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund.

City Capital Projects Fund: The City Capital Projects Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds and the School Capital Projects Fund.

School Capital Projects: The School Capital Projects Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays approved by the School Board for educational purposes.

The City reports the following non-major governmental funds:

Special Revenue Funds: Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. These funds consist of the City Federal/State Aid Projects, Community Development Block Grant, Lynchburg Business Development Centre, Forfeited Assets, Children's Services Act, Lynchburg Expressway Appearance, HOME Investment Partnerships Program, and Lynchburg Regional Juvenile Detention Center.

Proprietary Fund Types: Proprietary funds account for operations that are financed and operated in a manner similar to private business enterprises. The proprietary fund measurement focus is on the flow of economic resources. Operating revenues include charges for services and other revenues. Operating expenses include personal services, operation and maintenance, supplies and materials, depreciation, as well as other services and charges. All revenues and expenses, excluding capital contributions and transfers, not meeting these definitions are reported as non-operating revenues and expenses.

The City reports the following major proprietary funds:

Enterprise Funds: Enterprise Funds account for (a) the financing of services to the general public where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

These funds consist of the Water, Sewer, Stormwater, and Airport Funds.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Water Fund: The Water Fund operates the water distribution system for the City and supplies water to three surrounding counties.

Sewer Fund: The Sewer Fund operates a regional wastewater treatment plant and a combined sewer system. The Sewer Fund also performs cleaning, monitoring, and repairs to the wastewater collection system for the City and provides conveyance and treatment services for three surrounding counties.

Stormwater Fund: The Stormwater Fund performs the operations and maintenance of the storm sewer collection system and manages the City's Small Municipal Separate Storm Sewer System [MS4] General Permit requirements that incorporates water quality compliance goals established by Total Maximum Daily Loads [TMDLs] which include the Chesapeake Bay and the James River Basin TMDLs.

Airport Fund: The Airport Fund accounts for the administration of the Lynchburg Regional Airport.

The total enterprise funds columns in the proprietary fund statements of net position and activities are essentially equal to the business-type activity column in the government wide statements, with the exception of the impact of allocating internal service fund activity.

Additionally, the City reports the following fund types:

Internal Service Fund: The Internal Service Fund accounts for the financing of goods and services supplied to other funds of the City on a cost-reimbursement basis. A Fleet Services Fund has been established to account for the operation and maintenance of City vehicles.

Fiduciary Fund Types – Agency Funds: Agency Funds account for assets held by the City as an agent or custodian for others. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The City's agency fund is the Special Welfare Fund.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both “measurable” and “available.” Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 45 days of the end of the current fiscal period for most non-grant revenues. Reimbursement basis grants are recognized as revenue when all eligibility requirements are met and are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental revenues, consisting principally of categorical aid from federal and state agencies, are recognized when earned or at the time of the specific expenditure. Sales, Communication Sales and Use, and public utility taxes, which are collected by the Commonwealth of Virginia and public utilities, respectively, and subsequently remitted to the City, are recognized as revenues and receivables when measurable and available.

Proprietary fund types utilize the accrual basis of accounting. Revenues are recognized when earned, including unbilled utility receivables, and expenses are recognized when incurred. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds and of the City’s internal service fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds are unlike all other fund types, reporting only assets and liabilities; therefore, agency funds do not have a measurement focus. The agency fund utilizes the accrual basis of accounting to recognize receivables and payables.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

As a result of the different measurement focus and basis of accounting used in preparing the government-wide statements, a reconciliation between the government-wide and fund financial statements is necessary. Exhibit 4 presents a reconciliation of the net position as reported on the Statement of Net Position (Exhibit 1) to total governmental fund balance as reported on the Balance Sheet – Governmental Funds (Exhibit 3). Exhibit 6 presents a reconciliation of the total change in net position as reported on the Statement of Activities (Exhibit 2) and the total net change in fund balances as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Exhibit 5).

D. Budgets and Budgetary Accounting

All governmental and proprietary funds have legally adopted budgets. The Lynchburg Business Development Centre Fund does not adopt a legal annual budget. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Typically, in early March the City Manager submits to City Council a proposed operating budget for the fiscal year commencing July 1 and ending June 30 of the following year. The operating budget includes proposed expenditures and the means of financing them.
- Council studies the proposed budget at work sessions throughout the months of March and April and holds a public hearing to receive citizens' comments.
- The Council makes final budget decisions and adopts the budget through passage of an appropriations resolution during the month of May. By July 1 the City Manager prepares and distributes the adopted budget.
- The City prepares a five-year Capital Improvement Program (CIP) for the City Capital Projects, School Capital Projects, Water, Sewer, Stormwater, and Airport. The CIP specifies capital improvement or construction projects, which are tentatively identified for funding during the next five years, with the first year of the plan serving as the capital budget. Project budgets are utilized in the capital projects funds. Appropriations for the capital projects funds are continued until completion of applicable projects, even when projects extend for more than one fiscal year, or until repealed.
- Budgets for the General, Water, Sewer, Stormwater, Airport, Capital Projects, and all Special Revenue Funds are prepared in accordance with the City Charter on the modified accrual basis of accounting. Encumbrances are treated as committed and/or assigned fund balance and reappropriated in the next fiscal year. Revenues, expenditures, and transfers related to internal service type functions are included for budget purposes. The budget for the Lynchburg City Schools (School Operating Fund) is prepared on the modified accrual basis of accounting.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total budget amounts and/or appropriations of any fund require an amendment to the budget. The Code of Virginia requires that City Council approve any amendment. If the total of the proposed amendment exceeds one percent of the total budgeted revenue, the proposed amendment must be advertised and a public hearing must be held before City Council can act. After the public hearing, City Council can act on the proposed amendment. The Superintendent of the Schools is authorized to transfer budget amounts within departments; however, any revisions that alter total budget amounts of any department must be approved by the School Board.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting (Continued)

- All operating budget appropriations lapse at the end of the fiscal year to the extent that they are not expended or encumbered, with the exception of year-end carry-forward items approved by City Council.
- Prior to the implementation of GASB 54, the City's special revenue funds included the Technology Fund which has a separate legally adopted budget. With the implementation of GASB 54, the Technology Fund is utilized for internal reporting purposes only. For financial statement reporting (GAAP-basis), the Technology Fund is collapsed into the General Fund. For budgetary basis reporting, the Technology Fund is not included with the General Fund.

The following is a reconciliation of the results of operations for the year on the budgetary basis to the GAAP basis.

	<u>General Fund</u>
Net change in fund balance (non-GAAP budgetary basis)	\$ (6,615,131)
Add: Net change in fund balance for Technology Fund	<u>(268,207)</u>
Net change in fund balance (GAAP basis)	<u>\$ (6,883,338)</u>

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

- **Cash and Cash Equivalents**

The City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

- **Investments**

Investments are reported at fair value. Interest earned by certain funds of the Schools and City Capital Projects Fund are allocated to the General Fund. All other interest is allocated to the fund which owns the underlying investments.

- **Receivables**

The City calculates its allowance for uncollectible accounts using historical collection data, and specific account analysis. Receivables are presented net of allowance for doubtful accounts. The allowance is composed of the following:

General Fund, property taxes, and other receivables	\$ 2,101,087
General Fund, ambulance receivables	\$ 3,780,720
Enterprise Funds	\$ 299,232

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

- **Inventory**

Inventory in the Water and Internal Service Funds is valued at cost using the first-in, first-out (FIFO) method. This inventory consists principally of spare parts and fuel held for consumption. The cost is recorded as an expense at the time individual inventory items are withdrawn for use. Inventory in the Lynchburg City School Nutrition program is valued at fair value. This inventory consists of purchased foods, USDA Foods (donated commodities) as well as kitchen supplies. An expense adjustment is made annually after the year-end inventory is counted and valued.

- **Capital Assets**

Governmental funds: Capital outlays are recorded as expenditures on the fund basis and as assets on the government-wide financial statements to the extent the City's capitalization thresholds of \$5,000 for equipment and \$20,000 for buildings, infrastructure, and land improvements are met. Infrastructure has been capitalized retroactively to 1980. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated assets, donated works of art and similar items are reported at acquisition value rather than fair market value on the date donated. Schools buildings and other facilities are capital assets for the City government and not for the component unit.

Works of art, historical treasures, and similar assets have not been capitalized because they are held for public exhibition, education, or research in furtherance of public service, rather than financial gain. The collection is protected, kept unencumbered, cared for, and preserved. The collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

Proprietary funds: Capital outlays of the proprietary funds are recorded as capital assets on both the fund basis and the government-wide basis. Capital assets are stated at cost or estimated original cost based on independent consultant studies, net of accumulated depreciation. Donated assets, donated works of art and similar items are reported at acquisition value rather than fair market value on the date donated. Capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Repairs and maintenance are charged to expense when incurred. When capital assets are sold or retired, the cost of the assets and the related accumulated depreciation are eliminated and a gain or loss is recognized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Land improvements	15-20
Buildings and improvements:	
New construction	30-40
Improvements	15-20
Infrastructure	30-50
Machinery and equipment	5-10

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

- **Deferred Outflows / Inflows of Resources**

In addition to assets, the statements that present net position report a separate section for *deferred outflows of resources*. These items represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statements that present financial position report a separate section for *deferred inflows of resources*. These items represent an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The City and Schools have the following items that qualify for reporting as deferred inflows or outflows:

- The deferred charge on refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Contributions subsequent to the measurement date for pensions and OPEB are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors as well as changes in actuarial assumptions in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over a closed five year period and may be reported as a deferred outflow or inflow as appropriate.
- Changes in proportion and differences between employer contributions and proportionate share of employer contributions in the Virginia Retirement System's teacher cost sharing pool or OPEB cost sharing pool plans. This difference is deferred and recognized in expense over the average remaining service life of the employees who are subject to the plan, and may be reported as a deferred outflow or inflow as appropriate.
- *Unavailable revenue* is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. The governmental funds report unavailable revenue from property taxes and other receivables not collected within 45 days of year-end and property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- At the government-wide level, the City reports deferred inflows for unearned property taxes which are billed and/or collected but are intended to fund future years.

- **Compensated Absences**

City employees accumulate vacation time depending upon their length of service up to a total of 288 hours. All outstanding vacation time is payable upon termination of employment. The current portions are recorded as liabilities in the governmental fund financial statements when they have matured as a result of employee resignations and retirements. In proprietary funds, both the expenses and the liabilities are recorded as benefits as earned. All vacation pay is accrued when incurred in the government-wide financial statements. Each operating fund is responsible for covering its share of vacation pay liability.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

- **Arbitrage Rebate Liability**

The U.S. Treasury has issued regulations on calculating the rebate due the Federal government on arbitrage profits and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the City temporarily invests the proceeds of tax exempt debt in securities with higher yields. The City treats the estimated rebate payable as a reduction of available financial resources in the fund that earned the arbitrage profit. Accordingly, interest earnings are reduced by the amount of the increase in the estimated rebate payable and a liability is reported in the appropriate fund.

- **Pensions and Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the City's and Schools' Retirement Plan and OPEB, and the additions to/deductions from the City's and Schools' Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

- **Net Position/Fund Equity**

Net Position in government-wide and proprietary financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

The City classifies governmental fund balances as follows:

- **Nonspendable fund balance** includes amounts that cannot be spent because they are either not in spendable form such as inventories and prepaids or they are legally or contractually required to be maintained intact.
- **Restricted fund balance** includes amounts that have constraints placed on their use by external sources such as creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (ordinance or resolution) of the highest level of decision making authority – City Council. These committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

- **Net Position/Fund Equity (Continued)**

- Assigned fund balance includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Fund Balance may be assigned either through the encumbrance process as a result of normal purchasing activity (which includes the issuance of a purchase order), or by the City Manager or her designee, the Director of Finance, in accordance with the Council adopted fund balance policy.
- Unassigned fund balance is the positive fund balance within the General fund which has not been classified as Restricted, Committed, or Assigned and negative fund balances in other governmental funds.

The City considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unrestricted fund balance are available unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts are available, the City considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

F. Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and reported revenues, expenditures, and expenses. Actual results could differ.

Note 2. Cash and Investments

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Investment Policy:

In accordance with the *Code* and other applicable law, including regulations, the City's Investment Policy (Policy) permits investments in Treasury Securities, agency securities, prime quality commercial paper, certificates of deposit maturing within one year and issued by domestic banks, banker's acceptances, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements, open-end investments, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP). Pursuant to Sec. 2.1-234.7 of the *Code*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the carrying value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share in accordance with GASB No. 79). The Investment Policy specifies that no investment may have a maturity greater than one year from the date of purchase, unless matched to a specific cash flow.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 2. Cash and Investments (Continued)

Investments: (Continued)

Credit Risk:

As required by state statute or by the City, the Policy requires that commercial paper have a short-term debt rating of P-1 or higher by Moody's Investors Service and A-1 or higher by Standard & Poor's Ratings Services, provided that the issuing domestic corporation has a net worth of \$50 million and its long term debt is rated A or better by Moody's and Standard & Poor's. Banker's acceptances and Certificates of Deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service. Open-end investment funds must be registered under the Securities Act of the Commonwealth or the Federal Investment Company Act of 1940, provided that they invest only in securities approved for investment herein. Commonwealth of Virginia and Virginia Local Government Obligations secured by debt service reserve funds not subject to annual appropriation must be rated AA or higher by Moody's or Standard & Poor's. Repurchase agreements require that the counterparty be rated A or better by Moody's and Standard & Poor's.

As of June 30, 23% of the portfolio was invested in "Aaa" rated obligations; 3% was invested in "Aa1" Municipal Bonds; 2% was invested in "Aa2", 1% Federal Agency was invested in "Aa+", 63% was invested in an "AAAm" rated LGIP fund; 8% of Commercial Paper and Federal Agency was invested in "P-1". The "Aaa" rated portion of the total portfolio included 1% of obligations guaranteed by the U. S. Government; 21% of Federal Agencies; and 1% of Municipal Bonds (percentages are based on the total portfolio). On August 5, 2011, Standard & Poor's downgraded the long-term sovereign credit rating of the United States of America from "AAA" to "AA+" and affirmed the "A-1+" short-term rating. This downgrade relates to 23% of the City's portfolio previously noted as "Aaa" by Moody's Investors Service. All credit ratings presented in this paragraph are Moody's or Standard & Poor's as necessary.

Concentration of Credit Risk:

The Policy's intent is for the City to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity. The Policy places a limit on the amount the City may invest in any single financial institution at no more than 50% of the City's total investments.

As of June 30, investment types that equal or exceed 5% of the portfolio were as follows:

<u>Investment Type</u>	<u>% of Portfolio</u>
Federal National Mortgage Association	9%
Federal Home Loan Bank	7%
Federal Home Loan Mortgage Corporation	6%
Commercial Paper	6%
Municipal Bonds	6%

Interest Rate Risk:

The Policy limits certain investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. Agency securities must mature within five years of the date of purchase. Prime commercial paper must mature within 270 days of the date of purchase and banker's acceptances must mature within 180 days of the date of purchase.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 2. Cash and Investments (Continued)

Investments: (Continued)

Interest Rate Risk: (Continued)

As of June 30, the carrying values and weighted average maturity were as follows:

Investment Type	Carrying Value	Weighted Average Maturity*
LGIP	\$ 76,730,955	-
Commercial Paper	7,679,940	183
U.S. Treasury Notes	1,007,975	138
Federal Farm Credit Bank	3,343,526	320
Federal Home Loan Bank	8,009,701	146
Federal National Mortgage Association	10,442,138	156
Federal Home Loan Mortgage Corporation	7,729,688	186
Municipal Bonds	7,619,654	439
Total investments	<u>\$ 122,563,577</u>	
Portfolio weighted average maturity		83

* Weighted average maturity in days.

Custodial Credit Risk:

The Policy requires that all investment securities shall be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by the *Code*, all security holdings with maturities over 30 days may not be held in safekeeping with the “counterparty” to the investment transaction. As of June 30, all investments are held in a bank’s trust department in the City’s name.

Restricted cash and temporary cash investments of the General, Special Revenue, City Capital Projects, and Enterprise Funds include certain deposits, grant advances, unspent bond proceeds restricted for capital projects, and amounts related to the Passenger Facility Charge program.

The above items are reflected in the statements as follows:

	Primary Government	School Board Component Unit
Deposits and investments:		
Cash on hand	\$ 16,050	\$ -
Deposits	49,540,219	3,124,220
Funds held in trust by others	-	832,836
Investments	122,563,577	-
	<u>\$ 172,119,846</u>	<u>\$ 3,957,056</u>
Statement of net position:		
Cash and cash equivalents	\$ 93,994,164	\$ 3,124,220
Investments	45,832,622	-
Restricted cash and cash equivalents	32,071,255	-
Fiduciary fund cash and cash equivalents	221,805	832,836
	<u>\$ 172,119,846</u>	<u>\$ 3,957,056</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 2. Cash and Investments (Continued)

Investments: (Continued)

Custodial Credit Risk: (Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and are described as follows.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs;
- Level 3 inputs are significant unobservable inputs.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30:

	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$ 1,007,975	\$ -	\$ -	\$ 1,007,975
U.S. Debt Securities	-	29,525,053	-	29,525,053
Municipal Bonds	-	7,619,654	-	7,619,654
Commercial Paper	-	7,679,940	-	7,679,940
	<u>\$ 1,007,975</u>	<u>\$ 44,824,647</u>	<u>\$ -</u>	<u>\$ 45,832,622</u>

Government bonds, corporate bonds, and collateralized mortgage obligations classified in Level 2 of the fair value hierarchy are valued on the basis of evaluated prices provided by independent pricing services when such prices are believed to reflect the fair value of such securities. Such prices may be determined by taking into account a security's price, yield, maturity, call feature, rating, or institutional-size trading in similar groups of securities and developments related to specific securities.

Note 3. Property Taxes

Real Estate taxes are levied on a fiscal year basis on July 1, the assessment date, and become a lien as of that date. Supplemental billings are processed through the current tax year to ensure timely recordation. Real estate taxes are payable in four quarterly installments on November 15, January 15, March 15, and May 15.

Personal property taxes are levied on property owned as of January 1, and are payable in two equal installments on June 5 and December 5. Additional billings for personal property acquisitions are due March 5 and September 5.

A penalty of 10% for late payment is assessed on the day after the due date and interest at the rate of 10% is assessed on unpaid balances beginning with the first day of the month following the due date. The City bills and collects its own property taxes.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 4. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2020 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Fund:		
General	\$ 617,227	\$ 493,729
Non-major Special Revenue Funds:		
City Capital Projects	-	1,507
City Federal/State Aid	263,378	403,212
Children's Services Act	-	767
Lynchburg Regional Juvenile Detention Center	7,416	30,404
Community Development Block Grant	-	17,490
HOME Investment Partnerships Program	-	19,798
Major Proprietary Funds:		
Sewer	207,002	161,871
Water	140,363	73,605
Stormwater	17,546	61,755
Airport	19,276	12,441
Internal Service	13,768	9,397
	<u>\$ 1,285,976</u>	<u>\$ 1,285,976</u>

Interfund receivables for governmental funds primarily represent advances to special revenue funds to be repaid with future grant revenues. Interfund receivables for proprietary funds mainly represent the reallocation of health benefits at year end. Interfund payables for proprietary funds represent amounts due for payroll related items at year end.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 4. Interfund Receivables, Payables and Transfers (Continued)

Interfund transfers were as follows:

	To	From
Major Fund:		
General	\$ 274,908	\$ 7,444,129
Non-major Special Revenue Funds:		
City Federal/State Aid	323,686	-
Children's Services Act	-	245,301
Lynchburg Regional Juvenile Detention Center	-	100,000
Major Fund – Capital Projects		
City Capital Projects	5,084,908	29,607
School Capital Projects	1,661,914	-
Major Proprietary Funds:		
Sewer	-	-
Water	-	-
Stormwater	-	-
Airport	-	-
Internal Service	473,621	-
Total Fund Transfers:	<u>\$ 7,819,037</u>	<u>\$ 7,819,037</u>

Transfers between major funds (general, city and school capital projects, and proprietary) and other non-major governmental funds were primarily to support capital projects, operations, and the purchase of fleet vehicles and equipment.

Note 5. Due From/To Primary Government and Component Units

Due from/to balances between the City and its component units at June 30, were as follows:

	Due From	Due To
Primary Government:		
Major Fund:		
General Fund	\$ 4,604,106	\$ 8,000,000
Non-major Special Revenue Fund:		
Lynchburg Business Development Centre Fund	125,000	-
	<u>\$ 4,729,106</u>	<u>\$ 8,000,000</u>
Component Units:		
Lynchburg City Schools	\$ 8,000,000	\$ 4,183,184
Business Development Centre, Inc.	-	125,000
Greater Lynchburg Transit Company	-	420,922
	<u>\$ 8,000,000</u>	<u>\$ 4,729,106</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 6. Due From Other Governments

Amounts due from other governments at June 30 were as follows:

	Primary Government		Component Units	
	Governmental Activities	Business-type Activities	Schools	Others
Various federal and state grants	\$ 4,958,182	\$ 946,722	\$ 3,779,350	\$ 693,474
Virginia Revolving Loan	-	18,261,789	-	-
Members of Regional Sewage Treatment Plant	-	2,532,354	-	-
	<u>\$ 4,958,182</u>	<u>\$ 21,740,865</u>	<u>\$ 3,779,350</u>	<u>\$ 693,474</u>

Due from members of the Regional Sewage Treatment Plant:

Amounts due from members of the Regional Sewage Treatment Plant represent amounts due from Amherst County, Bedford Regional Water Authority, and the Campbell County Utilities and Service Authority for their proportionate share (20.46%) of improvements to Joint-Use Facilities under a 1974 agreement (the "Agreement"). These Joint-Use Facilities are defined as the City's Regional Waste Water Treatment Plant and its immediately related treatment facilities used jointly by the City and one or more of the members in connection with the transmission or treatment of wastes made the subject of the Agreement. The cost of improvements are billed to each member and recorded as contributed capital when related projects are completed. Pursuant to Section VI (b) of the Agreement, each member shall have the option of paying its proportionate share of the cost of projects either in cash or on a deferred payment schedule coinciding with the period over which the City's bonds are amortized, plus interest at the rate equivalent to the net interest cost to the City. Future principal payments to be received are as follows:

Amount receivable within 1 year	\$ 237,120
Amount receivable 2 to 5 years	784,961
Amount receivable beyond 5 years	<u>1,510,273</u>
	<u>\$ 2,532,354</u>

Note 7. Receivables

Receivables as of June 30, net of allowances for uncollectible accounts, are as follows:

	Taxes	Accounts	Other	Total
Major funds:				
General	\$ 13,190,067	\$ 5,029,036	\$ 1,290,696	\$ 19,509,799
City Capital Projects	-	-	100,840	100,840
Water	-	1,796,367	-	1,796,367
Sewer	-	3,147,195	-	3,147,195
Stormwater	-	449,818	-	449,818
Airport	-	126,708	-	126,708
Internal Service	-	-	13,028	13,028
Non-major Governmental Funds	-	-	113,902	113,902
	<u>\$ 13,190,067</u>	<u>\$ 10,549,124</u>	<u>\$ 1,518,466</u>	<u>\$ 25,257,657</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 8. Capital Assets

Primary Government:

A summary of the changes in the City's capital assets for governmental activities is as follows:

Governmental Activities	Beginning Balances	Transfers and Additions	Transfers and Retirements	Ending Balances
<u>Capital assets, not being depreciated:</u>				
Land	\$ 23,381,771	\$ 38,573	\$ -	\$ 23,420,344
Construction in progress	15,331,598	20,107,212	(17,898,102)	17,540,708
Total capital assets, not being depreciated	38,713,369	20,145,785	(17,898,102)	40,961,052
<u>Capital assets, being depreciated:</u>				
Land improvements	62,751,855	373,448	(52,834)	63,072,469
Accumulated depreciation	(20,612,148)	(2,686,760)	52,834	(23,246,074)
Net land improvements	42,139,707	(2,313,312)	-	39,826,395
Buildings and improvements	308,045,389	6,450,190	(248,805)	314,246,774
Accumulated depreciation	(151,946,994)	(9,015,547)	248,805	(160,713,736)
Net buildings and improvements	156,098,395	(2,565,357)	-	153,533,038
Infrastructure	316,399,007	10,988,686	-	327,387,693
Accumulated depreciation	(165,842,223)	(8,295,483)	-	(174,137,706)
Net infrastructure	150,556,784	2,693,203	-	153,249,987
Machinery and equipment	54,670,251	4,669,485	(2,650,400)	56,689,336
Accumulated depreciation	(36,921,656)	(4,132,677)	2,618,059	(38,436,274)
Net machinery and equipment	17,748,595	536,808	(32,341)	18,253,062
Total capital assets being depreciated	741,866,502	22,481,809	(2,952,039)	761,396,272
Less: accumulated depreciation	(375,323,021)	(24,130,467)	2,919,698	(396,533,790)
Total capital assets, being depreciated	366,543,481	(1,648,658)	(32,341)	364,862,482
Capital assets, net	\$ 405,256,850	\$ 18,497,127	\$ (17,930,443)	\$ 405,823,534

There are no assets included above financed by capital leases as of June 30, 2020.

During FY2018, the Region 2000 Radio Communications Board completed the upgrade and replacement to the regional radio system. The City recorded \$4,375,552 as their share of the asset.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 8. Capital Assets (Continued)

Primary Government: (Continued)

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 731,014
Education	7,595,986
Judicial	587,541
Health and human services	274,092
Public safety	2,092,899
Public works	10,504,233
Community development	199,902
Cultural and recreational	1,746,886
Total governmental activities	23,732,553
Business-type activities:	
Water	156,064
Sewer	229,955
Stormwater	8,325
Airport	3,570
Total business-type activities	397,914
Total depreciation	\$ 24,130,467

The Fleet Internal Services Fund, whose assets are reported as a part of the City's governmental assets, purchases vehicles that are used by the City's Enterprise Funds. Depreciation related to those vehicles is allocated to the Enterprise Funds. In prior years, the City Capital Projects fund, on occasion, would construct assets that were used primarily by the Enterprise Funds. Depreciation on these assets is also allocated to the Enterprise Funds. The \$397,914 of business-type depreciation reflected above is the allocation of this depreciation and is not reflected on the business-type activities asset information reported below.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 8. Capital Assets (Continued)

Primary Government: (Continued)

A summary of the changes in the City's capital assets for business-type activities is as follows:

<u>Business-type Activities</u>	<u>Beginning Balances</u>	<u>Transfers and Additions</u>	<u>Transfers and Retirements</u>	<u>Ending Balances</u>
<u>Capital assets, not being depreciated:</u>				
Land	\$ 5,079,684	\$ 47,203	\$ -	\$ 5,126,887
Construction in progress	31,117,862	37,114,226	(18,402,906)	49,829,182
Total capital assets, not being depreciated	36,197,546	37,161,429	(18,402,906)	54,956,069
<u>Capital assets, being depreciated:</u>				
Land improvements	13,285,642	891,697	-	14,177,339
Accumulated depreciation	(12,337,222)	(114,606)	-	(12,451,828)
Net land improvements	948,420	777,091	-	1,725,511
Buildings and improvements	65,096,895	4,694,279	-	69,791,174
Accumulated depreciation	(34,956,391)	(1,919,806)	-	(36,876,197)
Net buildings and improvements	30,140,504	2,774,473	-	32,914,977
Infrastructure	480,550,284	11,675,270	-	492,225,554
Accumulated depreciation	(168,321,576)	(10,574,531)	-	(178,896,107)
Net infrastructure	312,228,708	1,100,739	-	313,329,447
Machinery and equipment	24,637,091	2,391,039	(390,671)	26,637,459
Accumulated depreciation	(13,033,801)	(1,144,409)	146,400	(14,031,810)
Net machinery and equipment	11,603,290	1,246,630	(244,271)	12,605,649
Capitalized interest	7,345,201	-	-	7,345,201
Accumulated depreciation	(2,600,110)	(146,904)	-	(2,747,014)
Net capitalized interest	4,745,091	(146,904)	-	4,598,187
Total capital assets being depreciated	590,915,113	19,652,285	(390,671)	610,176,727
Less: accumulated depreciation	(231,249,100)	(13,900,256)	146,400	(245,002,956)
Total capital assets, being depreciated	359,666,013	5,752,029	(244,271)	365,173,771
Capital assets, net	\$ 395,863,559	\$ 42,913,458	\$ (18,647,177)	\$ 420,129,840

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 8. Capital Assets (Continued)

Component Units:

A summary of changes in the capital assets of the Schools is as follows:

<u>Lynchburg City Schools</u>	<u>Beginning Balances</u>	<u>Transfers and Additions</u>	<u>Transfers and Retirements</u>	<u>Ending Balances</u>
<u>Capital assets, being depreciated:</u>				
Equipment	\$ 17,120,890	\$ 974,736	\$ (609,688)	\$ 17,485,938
Accumulated depreciation	(10,411,800)	(1,302,952)	599,153	(11,115,599)
Net equipment	<u>6,709,090</u>	<u>(328,216)</u>	<u>(10,535)</u>	<u>6,370,339</u>
Equipment – cafeteria	1,341,256	117,053	-	1,458,309
Accumulated depreciation	(1,020,004)	(74,346)	-	(1,094,350)
Net equipment – cafeteria	<u>321,252</u>	<u>42,707</u>	<u>-</u>	<u>363,959</u>
Total capital assets being depreciated	18,462,146	1,091,789	(609,688)	18,944,247
Less: accumulated depreciation	<u>(11,431,804)</u>	<u>(1,377,298)</u>	<u>509,153</u>	<u>(12,209,949)</u>
Capital assets, net	<u>\$ 7,030,342</u>	<u>\$ (285,509)</u>	<u>\$ (10,535)</u>	<u>\$ 6,734,298</u>

Details of capital assets of other component units are as follows:

Land, buildings, and improvements	\$ 33,081,362
Construction in progress	26,550
Machinery and equipment	<u>27,756,003</u>
	60,863,915
Less accumulated depreciation	<u>26,729,830</u>
	<u>\$ 34,134,085</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 9. Long-Term Liabilities

Primary Government:

General Obligation Debt:

As of June 30, 2020	Interest Rates (%)	Date Issued	Final Maturity	Original Issue	Public Improvements	School Facilities	Proprietary Funds	Total
Bond Anticipation Note								
Public Improvement- Line of Credit for Two Years	Variable-LIBOR	6/30/2020	2023	\$ 42,000,000	\$ 67,656	\$ 483,261	\$ 81,183	\$ 632,100
General Obligation Bonds								
VA Resources Authority	0.00	3/24/1994	2027	3,976,369	-	-	778,394	778,394
VPSA General Obligation	3.10-5.10	11/15/2001	2022	3,473,329	-	393,820	-	393,820
VPSA General Obligation	2.35-4.85	11/7/2002	2023	6,513,732	-	1,095,753	-	1,095,753
VPSA General Obligation	4.60-5.10	11/10/2005	2026	6,411,957	-	2,140,165	-	2,140,165
Public Improvement Series C Refunding	2.00-4.00	8/13/2009	2023	12,800,000	405,500	207,125	637,375	1,250,000
VPSA General Obligation	0.00	11/13/2009	2027	10,255,000	-	5,110,000	-	5,110,000
Public Improvement Refunding	2.00-5.00	10/20/2010	2034	29,655,000	5,857,376	4,453,295	7,284,330	17,595,001
Public Improvement Refunding	2.00-5.00	7/10/2014	2044	101,730,000	15,860,000	58,665,000	14,785,000	89,310,000
Public Improvement Refunding	5.00	7/10/2014	2026	13,460,000	5,648,070	2,227,545	974,385	8,850,000
Public Improvement Refunding	2.00-5.00	5/19/2016	2046	26,945,000	12,239,285	-	11,610,715	23,850,000
Public Improvement Refunding	2.00-5.00	5/19/2016	2038	20,350,000	5,607,732	-	11,992,268	17,600,000
Public Improvement Refunding	3.00-5.00	9/26/2017	2040	29,100,000	5,095,489	10,126,066	13,878,445	29,100,000
Public Improvement Refunding	2.00-5.00	1/30/2020	2050	49,425,000	32,550,000	3,930,000	12,945,000	49,425,000
General Obligation- Direct Borrowings								
Public Improvement Refunding	3.80	12/19/2012	2024	4,129,625	1,321,033	-	-	1,321,033
Public Improvement Refunding	2.75	10/23/2013	2029	10,000,000	4,236,387	562,013	1,199,600	5,998,000
Public Improvement Refunding (Bond R-2)	2.34	3/12/2015	2030	3,768,000	1,171,750	697,600	855,650	2,725,000
					<u>\$ 90,060,278</u>	<u>\$ 90,091,643</u>	<u>\$ 77,022,345</u>	<u>\$ 257,174,266</u>

Bonds issued between 1992 and 2010 are callable subject to a maximum premium of 2%.

Authorized and unissued general obligation public improvement bonds amounted to \$74,575,000 at June 30, 2020.

As of June 30, the City's Primary Government had outstanding general obligation bonds of \$257,174,266, including direct borrowings from commercial banks totaling \$10,044,033. For all general obligation debt, the full faith and credit of the City are irrevocably pledged to the punctual payment of the principal of and interest on the Bonds as the same become due. In each year while any Bonds are outstanding and unpaid, the Council shall be authorized and required to levy and collect annually, at the same time and in the same manner as other taxes of the City are assessed, levied and collected, a tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds to the extent other funds of the City are not lawfully available and appropriated for such purpose.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

General Obligation Debt: (Continued)

Direct Borrowing- Event of Default Provisions- Series 2013 Bonds (Issued 10/23/2013):

The events of default (“Events of Default”) with respect to this Bond shall be (i) the failure to pay principal of or interest on this Bond when due, (ii) the failure to perform or observe the covenants set forth in Sections 4 and 5 of the Authorizing Resolution, (iii) any representation or warranty made by the City Manager on behalf of the City in the Certificate of the City Manager as to Representations, Warranties and Covenants of the City of Lynchburg, Virginia, dated October 23, 2013, proving to have been incorrect when made or confirmed, (iv) a default by the City in the payment of the principal of or interest on any other general obligation indebtedness of the City, and (v) the downgrade of the City’s general obligation bond rating below BBB by Fitch Ratings or Baa2 by Moody’s Investors Service or BBB by Standard & Poor’s Ratings Services. Upon the occurrence and continuance of an Event of Default this Bond shall bear interest at the rate of four percent (4%) per annum and the Purchaser shall have the right to declare the principal amount of this Bond to be immediately due and payable and may exercise its rights of remedies available to it under the Authorizing Resolution, at law or in equity.

Legal Debt Limit:

The Constitution of Virginia, Article VII, Section 10(a) sets forth the City’s legal debt limit at ten percent (10%) of its real estate assessed valuation for the issuance of any bonds or other interest-bearing obligations. As shown in Supplementary Statistical Table 22, as of June 30, the City’s debt limit was \$581.3 million. The City’s aggregate general obligation indebtedness was \$257.2 million and the City’s legal debt margin (amount available for issuance of additional debt) was \$324.1 million.

Debt Management Policy:

The City’s Debt Management Policy, which was most recently revised on December 10, 2019, limits tax-supported debt to four and a half percent (4.50%) of its net assessed valuation of taxable property (general obligation bonds issued for self-supporting enterprise funds are not included in this calculation). As shown in the Supplementary Statistical Table 21, outstanding tax-supported debt was 2.99% of net assessed valuation of taxable property. The Policy also states that the 10-Year Principal Payout Ratio shall not be less than 60% at the end of each adopted five-year Capital Improvement Program. The principal payout ratio for the year ended June 30 was 62.09%. There are no overlapping tax jurisdictions.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

Revenue Debt:

As of June 30, 2020	Interest Rates %	Date Issued	Final Maturity	Final Issue	Sewer Fund	Stormwater Fund	Total
Virginia Resources Authority							
Public Utility Revenue Bonds	0.00	3/28/1995	2027	\$ 6,541,207	\$ 1,097,936	\$ -	\$ 1,097,936
Public Utility Revenue Bonds	0.00	8/10/1995	2029	10,000,000	2,202,381	-	2,202,381
Public Utility Revenue Bonds	0.00	6/27/1996	2029	8,000,000	1,704,859	-	1,704,859
Public Utility Revenue Bonds	0.00	7/17/1997	2030	7,591,540	2,088,797	-	2,088,797
Public Utility Revenue Bonds	0.00	8/21/1998	2031	6,203,000	1,936,368	-	1,936,368
Public Utility Revenue Bonds	0.00	2/11/2000	2021	5,300,000	278,947	-	278,947
Public Utility Revenue Bonds	0.00	2/15/2001	2032	735,000	258,355	-	258,355
Public Utility Revenue Bonds	3.50	6/8/2001	2021	2,835,000	203,026	-	203,026
Public Utility Revenue Bonds	0.00	11/6/2001	2034	1,413,613	584,014	-	584,014
Public Utility Revenue Bonds	0.00	9/15/2003	2036	2,350,165	1,173,813	-	1,173,813
Public Utility Revenue Bonds	0.00	5/20/2004	2038	6,000,000	3,300,000	-	3,300,000
Public Utility Revenue Bonds	0.00	5/17/2005	2038	6,700,000	3,796,667	-	3,796,667
Public Utility Revenue Bonds	0.00	6/28/2006	2039	9,600,000	5,920,000	-	5,920,000
Public Utility Revenue Bonds	0.00	6/20/2007	2039	7,000,000	4,433,333	-	4,433,333
Public Utility Revenue Bonds	0.00	6/5/2008	2041	12,350,000	8,439,167	-	8,439,167
Public Utility Revenue Bonds	0.00	6/25/2009	2041	19,000,000	13,300,000	-	13,300,000
Public Utility Revenue Bonds	0.00	6/17/2010	2042	13,100,000	9,606,667	-	9,606,667
Public Utility Revenue Bonds	0.00	6/15/2011	2033	93,431,494	6,070,324	-	6,070,324
Public Utility Revenue Bonds	0.00	6/15/2011	2045	10,100,000	8,248,333	-	8,248,333
Public Utility Revenue Bonds	0.00	6/6/2012	2044	7,000,000	5,600,000	-	5,600,000
Public Utility Revenue Bonds	0.00	1/5/2017	2038	1,798,578	-	1,691,105	1,691,105
Public Utility Revenue Bonds	0.00	9/18/2018	2041	32,000,000	32,000,000	-	32,000,000
					<u>\$ 112,242,987</u>	<u>\$ 1,691,105</u>	<u>\$ 113,934,092</u>

The revenue bonds have been issued in accordance with the terms of an indenture agreement with the Virginia Resources Authority, a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Authority"), as Administrator of the Virginia Water Facilities Revolving Fund and City of Lynchburg.

Pursuant to Chapter 22 Title 62.1 of the Code of Virginia (1950), as amended ("the Act"), the General Assembly created a permanent and perpetual fund known as the "Virginia Water Facilities Revolving Fund." In conjunction with the State Water Control Board, the Authority administers and manages the Fund. From the Fund, the Authority from time to time makes loans to and acquires obligations of local governments in Virginia to finance the costs of constructing the following facilities: 1) Wastewater treatment within the meaning of Section 62.1-224 of the Act 2) Structures or implementing other best management practices that reduce or prevent pollution of state waters caused by stormwater runoff from impervious surfaces within the meaning of Section 62.1-229.4 of the Act.

All of the indenture agreements require the City to pledge its Sewer Fund and Stormwater Fund Revenues as collateral for the revenue bonds and to maintain a debt coverage ratio at least equal to 1.15. As shown in Supplementary Statistical Tables 23 and 24, the Sewer Fund's debt coverage ratio for the year ended June 30 was 1.61 and the Stormwater Fund's debt coverage ratio was 5.93.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

Summary of Changes in Long-Term Liabilities for FY 2020:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Bond anticipation notes	\$ 2,457,012	\$ 4,451,364	\$ 6,357,459	\$ 550,917	\$ -
General obligation bonds	160,507,669	36,480,000	23,459,857	173,527,812	10,329,296
General obligation- Direct borrowings	10,851,400	-	1,663,017	9,188,383	1,241,260
Other long term payable *	3,500,442	-	437,555	3,062,887	437,555
Adjust for deferred amounts:					
Issuance discounts	(426,470)	-	(53,309)	(373,161)	-
Issuance premiums	12,218,672	3,691,149	943,085	14,966,736	-
Total bonds and notes	189,108,725	44,622,513	32,807,664	200,923,574	12,008,111
Workers' compensation**	3,166,455	415,560	927,351	2,654,664	318,560
Compensated absences**	4,695,222	3,300,185	3,213,233	4,782,174	573,862
	<u>\$ 196,970,402</u>	<u>\$ 48,338,258</u>	<u>\$ 36,948,248</u>	<u>\$ 208,360,412</u>	<u>\$ 12,900,533</u>

Business-Type Activities	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Bond anticipation notes	\$ 5,619,002	\$ 3,936,193	\$ 9,474,012	\$ 81,183	\$ -
General obligation bonds	76,582,218	12,945,000	16,556,897	72,970,321	3,286,441
General obligation- Direct borrowings	1,129,772		274,122	855,650	76,930
Public utility revenue bonds	118,825,460	991,948	5,883,316	113,934,092	6,149,945
Adjust for deferred amounts:					
Issuance premiums	5,411,806	810,815	308,254	5,914,367	-
Total bonds and notes	207,568,258	18,683,956	32,496,601	193,755,613	9,513,316
Workers' compensation	292,366	375,701	369,716	298,351	35,802
Compensated absences	624,205	524,026	456,219	692,012	83,041
	<u>\$ 208,484,829</u>	<u>\$ 19,583,683</u>	<u>\$ 33,322,536</u>	<u>\$ 194,745,976</u>	<u>\$ 9,632,159</u>

* An intangible asset was obtained concurrent with the recordation of this long term payable. Neither instrument constituted a source or a use of current financial resources; therefore, they are not reflected in the fund financial statements. The intangible asset is included in capital assets in Exhibit 1.

**For governmental activities, a portion of the workers' compensation and compensated absences are liquidated by the Internal Service Fund. The remaining portion of the workers' compensation, compensated absences, and other post-employment benefits are liquidated by the General Fund.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

Debt Service to Maturity:

Year Ending June 30	Governmental Activities					
	General Obligation Bonds		General Obligation- Direct Borrowings		Other Long Term Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 10,329,296	\$ 6,691,421	\$ 1,241,260	\$ 225,946	\$ 437,555	\$ -
2022	10,388,217	6,253,893	1,255,321	194,412	437,555	-
2023	10,179,711	5,809,170	1,268,906	162,556	437,555	-
2024	9,855,992	5,354,390	921,894	132,790	437,555	-
2025	9,750,494	4,908,301	849,848	109,819	437,555	-
2026-2030	42,264,546	18,388,132	3,651,154	216,894	875,112	-
2031-2035	35,760,040	10,713,527	-	-	-	-
2036-2040	29,104,516	5,289,148	-	-	-	-
2041-2044	15,895,000	1,186,550	-	-	-	-
	<u>\$ 173,527,812</u>	<u>\$ 64,594,532</u>	<u>\$ 9,188,383</u>	<u>\$ 1,042,417</u>	<u>\$ 3,062,887</u>	<u>\$ -</u>

Year Ending June 30	Business-Type Activities							
	General Obligation Bonds							
	Water Fund		Sewer Fund		Stormwater Fund		Airport Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,823,720	\$ 1,603,803	\$ 1,381,018	\$ 988,751	\$ 15,000	\$ 22,382	\$ 66,703	\$ 36,776
2022	1,837,260	1,528,653	1,399,637	936,424	15,000	21,569	69,871	33,441
2023	1,834,262	1,445,327	1,392,736	878,851	15,000	20,819	73,567	29,947
2024	1,812,418	1,357,698	1,314,044	819,596	15,000	20,069	77,263	26,269
2025	1,761,411	1,265,228	1,242,621	762,616	15,000	19,319	81,093	22,406
2026-2030	9,349,638	5,037,879	5,922,735	3,058,074	90,000	84,219	259,882	69,529
2031-2035	9,668,485	3,196,763	5,555,503	2,006,486	115,000	61,419	250,971	31,774
2036-2040	9,219,865	1,609,035	4,865,820	1,181,971	125,000	46,266	54,798	1,647
2041-2045	3,955,000	525,891	3,595,000	553,328	150,000	29,925	-	-
2046-2050	1,350,000	76,688	2,035,000	119,725	165,000	10,688	-	-
	<u>\$ 42,612,059</u>	<u>\$ 17,646,965</u>	<u>\$ 28,704,114</u>	<u>\$ 11,305,822</u>	<u>\$ 720,000</u>	<u>\$ 336,675</u>	<u>\$ 934,148</u>	<u>\$ 251,789</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

Debt Service to Maturity: (Continued)

Year Ending June 30	Business-Type Activities			
	General Obligation- Direct Borrowings			
	Water Fund		Sewer Fund	
	Principal	Interest	Principal	Interest
2021	\$ 35,525	\$ 9,246	\$ 41,405	\$ 10,776
2022	36,540	8,415	42,588	9,807
2023	37,410	7,560	43,602	8,811
2024	38,135	6,684	44,447	7,791
2025	38,860	5,792	45,292	6,751
2026-2030	208,655	14,875	243,191	17,337
2031-2035	-	-	-	-
	<u>\$ 395,125</u>	<u>\$ 52,572</u>	<u>\$ 460,525</u>	<u>\$ 61,273</u>

Year Ending June 30	Business-Type Activities			
	Revenue Bonds			
	Sewer Fund		Stormwater Fund	
	Principal	Interest	Principal	Interest
2021	\$ 6,055,995	\$ 5,345	\$ 93,950	\$ -
2022	6,374,022	-	93,950	-
2023	6,374,022	-	93,950	-
2024	6,374,022	-	93,950	-
2025	6,374,022	-	93,950	-
2026-2030	29,603,650	-	469,752	-
2031-2035	25,068,088	-	469,752	-
2036-2040	21,058,333	-	281,851	-
2041-2045	4,960,833	-	-	-
	<u>\$ 112,242,987</u>	<u>\$ 5,345</u>	<u>\$ 1,691,105</u>	<u>\$ -</u>

September 26, 2017 General Obligation Public Improvement Refunding Bonds, Series 2017

The City issued \$29,100,000 of General Obligation Public Improvement Refunding Bonds, Series 2017 on September 26, 2017 with an average interest rate of 3.61% from its competitive bond sale on September 12, 2017. The proceeds of the Series 2017 Bond will be used to (i) advance refund and defease certain maturities of the City's outstanding General Obligation Public Improvement Bonds, Series 2009A (the "2009A Bonds"), (ii) advance refund, pursuant to a crossover refunding, all of the City's outstanding General Obligation Public Improvement Bonds, Series 2009B (the "2009B Bonds"), (iii) pay interest on the Series 2017 Bonds until the Crossover Date, and (iv) pay the costs of issuance of the Series 2017 Bonds. The refunding reduced the total debt service payments over the next 22 years by \$4,569,704 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,422,230.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

September 26, 2017 General Obligation Public Improvement Refunding Bonds, Series 2017 (Continued)

As part of the above refunding, \$3,165,000 of bonds with an average interest rate of 3.00% were issued to advance refund \$3,090,000 of principal for the 2009A Bonds. There was no call premium for these refunded bonds. The City deposited the net proceeds from the refunding bonds in an irrevocable trust with an escrow agent that purchased U. S. Government securities. The trust will provide funds for future debt service on the refunded bonds for maturities from FY 2021 and FY 2022. The City funded maturities through FY 2020. As of the bond closing date of September 26, 2017, these refunded bonds are considered defeased and the liability for them has been removed from the financial statements. The advance refunding reduced the total debt service payments over the next 4 years by \$148,506 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$149,451. This advance refunding resulted in the total difference between the reacquisition price and the net carrying value of the old debt of \$231,064. This difference will be reported in the financial statements as deferred debt charges, and will be amortized as a component of interest expenses through FY 2022 over the life of the refunded bonds. The escrow agent called the series 2009A refunded bonds on August 1, 2019.

Also as part of the above refunding, \$25,935,000 of bonds with an average interest rate of 3.63% were issued to advance refund, pursuant to a crossover refunding, \$27,420,000 of principal for the 2009B Bonds. There was no call premium for these refunded bonds. The City deposited the net proceeds from the refunding bonds in an irrevocable trust with an escrow agent that purchased U. S. Government securities. The trust provided funds to (i) pay when due the interest on the Series 2017 Refunding bonds to August 1, 2019 (the "Crossover Date") and (ii) pay the principal of the Refunded Bonds upon their redemption on the Crossover Date. The Refunded Bonds were not defeased and the debt service on such Refunded Bonds to the Crossover Date remained a general obligation of the City. The crossover refunding will reduce the total debt service payments over the next 22 years by \$4,421,198 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,272,779. This refunding resulted in the total difference between the reacquisition price and the net carrying value of the old debt of \$1,177,355. This difference will be reported in the financial statements as deferred debt charges, and will be amortized as a component of interest expense through FY 2040 over the remaining life of the refunded bonds, which is the same as the life of the refunding bonds. The escrow agent called the series 2009B refunded bonds on August 1, 2019.

June 19, 2018 General Obligation Public Improvement Bond Anticipation Notes, Series 2018

On June 19, 2018 the City issued a two-year General Obligation Bond Anticipation Note and concurrently entered into a line of credit Financing Agreement with Bank of America, N.A. The Agreement provided for borrowings of up to \$50,000,000 to provide interim financing for qualifying city, school, water, sewer and stormwater capital improvements. Interest on the unpaid principal is equal to 79% of 1-month London Interbank Offered Rate (LIBOR), plus 0.44%; and, computed on the basis of the actual number of days elapsed in a 360-day year. Interest was paid monthly. The outstanding balance of \$15,831,472 was paid on January 30, 2020 with proceeds from the January 30, 2020 General Obligation Public Improvement Bonds, Series 2020. The line of credit was closed on January 30, 2020.

January 30, 2020 General Obligation Public Improvement Bonds, Series 2020

The City issued \$49,425,000 of General Obligation Public Improvement Bonds, Series 2020 dated January 30, 2020 from its competitive bond sale on January 15, 2020. A portion of the proceeds were used to permanently finance \$15,831,472 of interim financing through the line of credit bond anticipation note with Bank of America, N.A. dated June 19, 2018. The remaining proceeds will finance city, school, water, sewer and stormwater projects. City and school projects including issuance costs were financed for twenty-one years. Water, sewer and stormwater projects including issuance costs were financed for twenty-nine years. The final maturity date is August 1, 2049, with interest rates ranging from 2.00% to 5.00% and a total interest cost of 2.27%.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

June 30, 2020 General Obligation Public Improvement Bond Anticipation Note, Series 2020

On June 30, 2020 the City issued a three-year General Obligation Bond Anticipation Note and concurrently entered into a line of credit Financing Agreement with JPMorgan Chase Bank, N.A. The Agreement provided for borrowings of up to \$42,000,000 to provide interim financing for qualifying city, school, water, sewer, stormwater and fleet capital improvements. Interest on the unpaid principal is equal to the sum of (i) 80% times Daily One-Month London Interbank Offered Rate (LIBOR), plus (ii) 0.96%, as calculated by the Lender on each day. Interest shall be computed on the basis of the actual number of days elapsed in a 360-day year and paid monthly. All outstanding amounts are due on June 15, 2023. Outstanding principal as of June 30 is \$632,100. The unused line of credit is \$41,367,900.

October 29, 2020 General Obligation Public Improvement Refunding Bonds, Series 2020B

The City issued \$15,340,000 of General Obligation Public Improvement Refunding Bonds, Series 2020B on October 29, 2020 with an average interest rate of 4.99% from its competitive bond sale on October 15, 2020. The proceeds of the Series 2020B Bonds, along with a \$315,000 equity contribution from the City, will be applied to (i) the refunding and defeasance of \$15,730,000 aggregate principal amount of the City's General Obligation Public Improvement Refunding Bonds, Series 2010, and (ii) the refunding of \$2,725,000 aggregate principal amount of the City's General Obligation Public Improvement Refunding Bonds, Series 2015; which were issued as a direct bank loan purchase. The refunding reduced the total debt service payments over the next 14 years by \$2,793,554 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,664,881.

As part of the above refunding, \$13,265,000 of bonds with an average interest rate of 4.99% were issued, along with a \$90,000 equity contribution from the City, to current refund \$15,730,000 of principal for the Series 2010 Refunding Bonds. The City deposited the net proceeds from the refunding bonds in an irrevocable trust with an escrow agent that purchased U.S. Government securities. The trust will provide funds for future debt service on the refunded bonds for maturities from FY2022 and FY2034. The City will fund maturities through FY 2021. As of the bond closing date of October 29, 2020, these refunded bonds are considered defeased and the liability for them has been removed from the financial statements. The current refunding reduced the total debt service payments over the next 14 years by \$2,567,967 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,456,279. This current refunding resulted in the total difference between the reacquisition price and the net carrying value of the old debt of \$330,425. This difference will be reported in the financial statements as deferred debt charges, and will be amortized as a component of interest expenses through FY2034 over the life of the refunded bonds, which is equal to the life of the new debt issued. The outstanding principal of the Series 2010 Refunding Bonds in-substance defeased will be \$15,730,000 until the redemption date of December 1, 2020.

Also, as part of the above refunding, \$2,075,000 of bonds with an average interest rate of 5.00% were issued, along with a \$225,000 equity contribution from the City, to current refund \$2,725,000 of principal for the Series 2015 Refunding Bonds. The direct bank loan was paid in full as of October 29, 2020 and the liability has been removed from the financial statements. The current refunding reduced the total debt service payments over the next 10 years by \$225,587 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$208,602. This current refunding resulted in the total difference between the reacquisition price and the net carrying value of the old debt of \$26,471. This difference will be reported in the financial statements as deferred debt charges, and will be amortized as a component of interest expenses through FY2030 over the life of the refunded bonds, which is equal to the life of the new debt issued.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 9. Long-Term Liabilities (Continued)

Component Unit – Lynchburg City Schools:

Summary of Changes in Long-Term Liabilities for FY 2020:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Compensated absences	\$ 987,055	\$ 845,745	\$ 706,170	\$ 1,126,630	\$ 844,555
	<u>\$ 987,055</u>	<u>\$ 845,745</u>	<u>\$ 706,170</u>	<u>\$ 1,126,630</u>	<u>\$ 844,555</u>

Note 10. Fund Equity Balances

Fund Balance Policy:

- The City of Lynchburg's Unassigned General Fund Balance (UGFB) will be maintained at a level to provide the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.
- The City shall not use the UGFB to finance recurring operating expenditures.
- The City will maintain an UGFB equal to a minimum of 10% of General Fund revenues with a goal of 15% as the City strives to grow incrementally each year subject to revenues available. In the event the UGFB is used to provide for temporary funding of unforeseen emergency needs, the City shall restore the UGFB to the previous level within three years.
- The City will balance moving towards the 15% targeted fund balance with its annual "Pay as you go" capital improvements.

For FY 2020 the City was in compliance with the Fund Balance Policy.

A schedule of City fund balances is on the following pages.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2020

	MAJOR FUNDS			NON MAJOR SPECIAL REVENUE FUNDS			
	GENERAL FUND	CITY CAPITAL PROJECTS	SCHOOL CAPITAL PROJECTS	CITY FEDERAL STATE AID	COMMUNITY DEVELOPMENT BLOCK GRANT	LYNCHBURG BUSINESS DEVELOPMENT CENTRE	FORFEITED ASSETS
FUND BALANCES							
Restricted for:							
Fire Department	-	-	-	323,494	-	-	-
Public Safety	-	-	-	100,269	-	-	-
Economic Development	-	-	-	4,503	-	-	-
Grants	-	-	-	95,859	-	-	-
CDBG - Bluffwalk	-	-	-	-	1,450,693	-	-
State Asset Forfeiture - Commonwealth Attorney	-	-	-	-	-	-	101,336
Federal Asset Forfeiture- Police	-	-	-	-	-	-	18,567
State Asset Forfeiture - Police	-	-	-	-	-	-	45,842
Health and Human Services	-	-	-	-	-	-	-
Lynchburg Expressway beautification	-	-	-	-	-	-	-
HOME projects	-	-	-	-	-	-	-
Unspent UCI Cash	-	677,617	-	-	-	-	-
Committed to:							
Technology	2,028,945	-	-	-	-	-	-
Detention Home Workers Compensation	100,000	-	-	-	-	-	-
Health Insurance Reserve	43,897	-	-	-	-	-	-
Schools for Textbooks	1,554,037	-	-	-	-	-	-
Schools for Health Insurance Reserve	2,066,925	-	-	-	-	-	-
Other Postemployment Benefits	3,039,391	-	-	-	-	-	-
Solid Waste Debt Retirement	133,711	-	-	-	-	-	-
Schools Special Education	321,000	-	-	-	-	-	-
GLTC Special Reserve	1,682,460	-	-	-	-	-	-
Self Insurance	466,535	-	-	-	-	-	-
Fuel	100,000	-	-	-	-	-	-
Concord Turnpike Landfill Maintenance	50,000	-	-	-	-	-	-
Long Term On-Time Debt Financing	750,000	-	-	-	-	-	-
Citywide Compensation Study	1,446,319	-	-	-	-	-	-
Community Development	754	-	-	-	-	-	-
Cultural and Recreational	2,051	-	-	-	-	-	-
General Government	59,280	-	-	-	-	-	-
Health and Welfare	13,930	-	-	-	-	-	-
Judicial	2,972	-	-	-	-	-	-
Public Safety	36,079	-	-	-	-	-	-
Public Works	2,346,241	-	-	-	-	-	-
Task Force on Future of PreK-12	700,000	-	-	-	-	-	-
Advance to Lynchburg United Soccer	-	100,000	-	-	-	-	-
Building projects	-	4,975,171	-	-	-	-	-
Transportation projects	-	30,200,567	-	-	-	-	-
Economic Development projects	-	4,163,787	-	-	-	-	-
Parks and Recreation projects	-	1,453,397	-	-	-	-	-
Other Projects	-	556,803	-	-	-	-	-
School Construction and Maintenance	-	-	3,278,392	-	-	-	-
Provision of loan funds for small businesses	-	-	-	-	-	125,384	-
Assigned to:							
Return of School Fund Balance	4,183,184	-	-	-	-	-	-
Law Library	66,469	-	-	-	-	-	-
Museum	50,028	-	-	-	-	-	-
Recreation Programs	207,244	-	-	-	-	-	-
Pier Program	35,812	-	-	-	-	-	-
Health Insurance Reserve	3,061,234	-	-	-	-	-	-
Line of Duty Death Benefit	501,440	-	-	-	-	-	-
Future Landfill Needs	260,998	-	-	-	-	-	-
Parking Operations	198,275	-	-	-	-	-	-
Point of Honor	2,653	-	-	-	-	-	-
Future Police Building	104,927	-	-	-	-	-	-
Fire Restitution	100	-	-	-	-	-	-
Adopt-A-Bed	1,085	-	-	-	-	-	-
Virginia Land Conservancy	2,314	-	-	-	-	-	-
General Government	138,175	-	-	-	-	-	-
Health and Welfare	79,136	-	-	-	-	-	-
Judicial	5,367	-	-	-	-	-	-
Public Safety	112,357	-	-	-	-	-	-
Public Works	805,223	-	-	-	-	-	-
Community Development	24,501	-	-	-	-	-	-
Community Diversion	206,858	-	-	-	-	-	-
Cultural & Recreational	200	-	-	-	-	-	-
Downtown Projects	7,000	-	-	-	-	-	-
Unassigned:	34,579,844	-	-	-	-	-	-
Total Fund Balance	\$ 61,578,951	\$ 42,127,342	\$ 3,278,392	\$ 524,125	\$ 1,450,693	\$ 125,384	\$ 165,745

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2020

NON MAJOR SPECIAL REVENUE FUNDS				
	CHILDREN'S SERVICES ACT	LYNCHBURG EXPRESSWAY APPEARANCE	HOME INVESTMENT PARTNERSHIP PROGRAM	ALL FUNDS
FUND BALANCES				
Restricted for:				
Fire Department	-	-	-	323,494
Public Safety	-	-	-	100,269
Economic Development	-	-	-	4,503
Grants	-	-	-	95,859
CDBG - Bluffwalk	-	-	-	1,450,693
State Asset Forfeiture - Commonwealth Attorney	-	-	-	101,336
Federal Asset Forfeiture- Police	-	-	-	18,567
State Asset Forfeiture - Police	-	-	-	45,842
Health and Human Services	207,913	-	-	207,913
Lynchburg Expressway beautification	-	146,058	-	146,058
HOME projects	-	-	60,386	60,386
Unspent UCI Cash	-	-	-	677,617
Committed to:				
Technology	-	-	-	2,028,945
Detention Home Workers Compensation	-	-	-	100,000
Health Insurance Reserve	-	-	-	43,897
Schools for Textbooks	-	-	-	1,554,037
Schools for Health Insurance Reserve	-	-	-	2,066,925
Other Postemployment Benefits	-	-	-	3,039,391
Solid Waste Debt Retirement	-	-	-	133,711
Schools Special Education	-	-	-	321,000
GLTC Special Reserve	-	-	-	1,682,460
Self Insurance	-	-	-	466,535
Fuel	-	-	-	100,000
Concord Turnpike Landfill Maintenance	-	-	-	50,000
Long Term On-Time Debt Financing	-	-	-	750,000
Citywide Compensation Study	-	-	-	1,446,319
Community Development	-	-	-	754
Cultural and Recreational	-	-	-	2,051
General Government	-	-	-	59,280
Health and Welfare	-	-	-	13,930
Judicial	-	-	-	2,972
Public Safety	-	-	-	36,079
Public Works	-	-	-	2,346,241
Task Force on Future of PreK-12	-	-	-	700,000
Advance to Lynchburg United Soccer	-	-	-	100,000
Building projects	-	-	-	4,975,171
Transportation projects	-	-	-	30,200,567
Economic Development projects	-	-	-	4,163,787
Parks and Recreation projects	-	-	-	1,453,397
Other Projects	-	-	-	556,803
School Construction and Maintenance	-	-	-	3,278,392
Provision of loan funds for small businesses	-	-	-	125,384
Assigned to:				
Return of School Fund Balance	-	-	-	4,183,184
Law Library	-	-	-	66,469
Museum	-	-	-	50,028
Recreation Programs	-	-	-	207,244
Pier Program	-	-	-	35,812
Health Insurance Reserve	-	-	-	3,061,234
Line of Duty Death Benefit	-	-	-	501,440
Future Landfill Needs	-	-	-	260,998
Parking Operations	-	-	-	198,275
Point of Honor	-	-	-	2,653
Future Police Building	-	-	-	104,927
Fire Restitution	-	-	-	100
Adopt-A-Be	-	-	-	1,085
Virginia Land Conservancy	-	-	-	2,314
General Government	-	-	-	138,175
Health and Welfare	-	-	-	79,136
Judicial	-	-	-	5,367
Public Safety	-	-	-	112,357
Public Works	-	-	-	805,223
Community Development	-	-	-	24,501
Community Diversion	-	-	-	206,858
Cultural & Recreational	-	-	-	200
Downtown Projects	-	-	-	7,000
Unassigned:	-	-	-	34,579,844
Total Fund Balance	\$ 207,913	\$ 146,058	\$ 60,386	\$ 109,664,989

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 11. Defined Benefit Pension Plan – City of Lynchburg

Plan Description

All full-time, salaried permanent employees of the City of Lynchburg, Virginia, (the “Political Subdivision”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>.
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>.
- <https://www.varetirement.org/hybrid.html>.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>1,050</u>
Inactive members:	
Vested inactive members	206
Non-vested inactive members	279
Inactive members active elsewhere in VRS	<u>319</u>
Total inactive members	<u>804</u>
Active members	<u>1,177</u>
Total covered employees	<u><u>3,031</u></u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 11. Defined Benefit Pension Plan – City of Lynchburg (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The political subdivision's contractually required contribution rate for the year ended June 30, 2020 was 18.79% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$10,870,219 and \$10,377,528 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates: General employees – 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 11. Defined Benefit Pension Plan – City of Lynchburg (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted rates of withdrawal and disability to better fit experience; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20%, and decreased the discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted rates of withdrawal and disability to better fit experience; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 15%, and decreased the discount rate.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS – Multi Asset Public Strategies	6.00	3.52	0.21
PIP – Private Investment Partnership	3.00	6.29	0.19
Total	100.00 %		5.13 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.63 %

The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 11. Defined Benefit Pension Plan – City of Lynchburg (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2018	\$ 369,664,861	\$ 272,407,413	\$ 97,257,448
Changes for the year:			
Service cost	6,625,713	-	6,625,713
Interest	25,140,219	-	25,140,219
Differences between expected and actual experience	(2,629,680)	-	(2,629,680)
Assumption changes	10,427,997	-	10,427,997
Contributions – employer	-	10,150,416	(10,150,416)
Contributions – employee	-	2,655,886	(2,655,886)
Net investment income	-	17,849,423	(17,849,423)
Benefit payments, including refunds of employee contributions	(21,037,746)	(21,037,746)	-
Administrative expenses	-	(180,734)	180,734
Other changes	-	(11,250)	11,250
Net changes	18,526,503	9,425,995	9,100,508
Balances at June 30, 2019	\$ 388,191,364	\$ 281,833,408	\$ 106,357,956

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 11. Defined Benefit Pension Plan – City of Lynchburg (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's net pension liability	<u>\$ 153,569,771</u>	<u>\$ 106,357,956</u>	<u>\$ 68,583,826</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the political subdivision recognized pension expense of \$12,108,385. At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,678	\$ 3,284,610
Change in assumptions	8,080,806	-
Net difference between projected and actual earnings on pension plan investments	-	2,295,213
Employer contributions subsequent to the measurement date	<u>10,870,219</u>	<u>-</u>
Total	<u>\$ 19,007,703</u>	<u>\$ 5,579,823</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 11. Defined Benefit Pension Plan – City of Lynchburg (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$10,870,219 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Reduction to Pension Expense
2021	\$ 1,312,617
2022	(360,967)
2023	1,421,155
2024	184,856
2025	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2020, approximately \$1,428,744 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 11. Defined Benefit Pension Plan – School Non-professionals

Plan Description

All full-time, salaried permanent non-professional employees (non-teachers) of the Lynchburg City Schools, (the “School division”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>.
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>.
- <https://www.varetirement.org/hybrid.html>.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>104</u>
Inactive members:	
Vested inactive members	10
Non-vested inactive members	68
Inactive members active elsewhere in VRS	<u>35</u>
Total inactive members	<u>113</u>
Active members	<u>135</u>
Total covered employees	<u><u>352</u></u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 11. Defined Benefit Pension Plan – School Non-professionals (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The school division's contractually required contribution rate for the year ended June 30, 2020 was 4.75% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$185,889 and \$173,807 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

- * Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates: General employees – 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 11. Defined Benefit Pension Plan – School Non-professionals (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted rates of withdrawal and disability to better fit experience; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20%, and decreased the discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted rates of withdrawal and disability to better fit experience; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 15%, and decreased the discount rate.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS – Multi Asset Public Strategies	6.00	3.52	0.21
PIP – Private Investment Partnership	3.00	6.29	0.19
Total	100.00 %		5.13 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.63 %

- * The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 11. Defined Benefit Pension Plan – School Non-professionals (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2018	\$ 14,551,411	\$ 14,746,231	\$ (194,820)
Changes for the year:			
Service cost	351,085	-	351,085
Interest	1,012,105	-	1,012,105
Benefit changes	-	-	-
Differences between expected and actual experience	(315,743)	-	(315,743)
Assumption changes	383,937	-	383,937
Contributions – employer	-	173,807	(173,807)
Contributions – employee	-	168,548	(168,548)
Net investment income	-	989,630	(989,630)
Benefit payments, including refunds of employee contributions	(854,329)	(854,329)	-
Refunds of employee contributions	-	-	-
Administrative expenses	-	(10,099)	10,099
Other changes	-	(620)	620
Net changes	577,055	466,937	110,118
Balances at June 30, 2019	\$ 15,128,466	\$ 15,213,168	\$ (84,702)

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 11. Defined Benefit Pension Plan – School Non-professionals (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the school division using the discount rate of 6.75%, as well as what the political subdivision's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's net pension liability	<u>\$ 1,601,653</u>	<u>\$ (84,702)</u>	<u>\$ (1,444,397)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the school division recognized pension expense of \$86,365. At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 134,800
Change in assumptions	228,497	-
Net difference between projected and actual earnings on pension plan investments	-	198,460
Employer contributions subsequent to the measurement date	<u>185,889</u>	<u>-</u>
Total	<u>\$ 414,386</u>	<u>\$ 333,260</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 11. Defined Benefit Pension Plan – School Non-professionals (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$185,889 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Reduction to Pension Expense
2021	\$ 15,691
2022	(126,819)
2023	(3,185)
2024	9,550
2025	-
Thereafter	-

Pension Plan Data

Information about the VRS School division Retirement Plans is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2020, approximately \$37,709 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

Note 12. Defined Benefit Pension Plan – Lynchburg City Schools Teacher Cost Sharing Plan

General Information about the Teacher Cost Sharing Plan

Plan Description

All full-time, salaried permanent (professional) employees of Virginia public school divisions, including Lynchburg City Schools, (the "School Division"), are automatically covered by the VRS Teacher Retirement Plan upon employment. This multiple employer, cost sharing plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employers pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously funded service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described in Note 11.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 12. Defined Benefit Pension Plan – Lynchburg City Schools Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$8,183,144 and \$8,015,806 for the years ended June 30, 2020 and June 30, 2019, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the school division reported a liability of \$82,585,756 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.649% as compared to 0.686% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$7,795,267. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 12. Defined Benefit Pension Plan – Lynchburg City Schools Teacher Cost Sharing Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,288,315
Change in assumptions	8,177,926	-
Net difference between projected and actual earnings on pension plan investments	-	1,813,387
Changes in proportion and differences between Employer contributions and proportionate share of contributions	821,920	6,832,373
Employer contributions subsequent to the measurement date	<u>8,183,144</u>	<u>-</u>
Total	<u>\$ 17,182,990</u>	<u>\$ 13,934,075</u>

The \$8,183,144 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Reduction to Pension Expense
2021	\$ (1,251,583)
2022	(3,242,573)
2023	(953,559)
2024	227,122
2025	286,364
Thereafter	-

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 12. Defined Benefit Pension Plan – Lynchburg City Schools Teacher Cost Sharing Plan (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 49,683,336
Plan Fiduciary Net Position	<u>36,522,769</u>
Employers' Net Pension Liability (Asset)	<u><u>\$ 13,160,567</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability of the school division using the discount rate of 6.75%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	<u>\$ 124,327,441</u>	<u>\$ 82,585,756</u>	<u>\$ 48,073,114</u>

Payables to the Pension Plan

At June 30, 2020, approximately \$1,084,756 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2020

Note 13. Summary of Pension Benefit Elements

A summary of pension financial statement elements are as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred outflows of resources			
Pension contributions subsequent to measurement date	\$ 9,537,531	\$ 1,332,688	\$ 10,870,219
Changes of assumptions	7,090,100	990,706	8,080,806
Differences between expected and actual experience	49,730	6,948	56,678
Total deferred outflow of resources	<u>\$ 16,677,361</u>	<u>\$ 2,330,342</u>	<u>\$ 19,007,703</u>
Net pension liability	<u>\$ 93,318,471</u>	<u>\$ 13,039,485</u>	<u>\$ 106,357,956</u>
Deferred inflows of resources			
Differences between projected and actual earnings on investments	\$ 2,013,820	\$ 281,393	\$ 2,295,213
Differences between expected and actual experience	2,881,917	402,693	3,284,610
Total deferred inflow of resources	<u>\$ 4,895,737</u>	<u>\$ 684,086</u>	<u>\$ 5,579,823</u>
Pension Expense			
VRS	<u>\$ 10,623,897</u>	<u>\$ 1,484,488</u>	<u>\$ 12,108,385</u>
Total pension expense	<u>\$ 10,623,897</u>	<u>\$ 1,484,488</u>	<u>\$ 12,108,385</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 13. Summary of Pension Benefit Elements (Continued)

Lynchburg City Schools

The Schools participate in two pension plans as described in Notes 11 and 12. Following is a summary of key pension-related financial statement elements lifted from those notes.

	<u>Governmental Activities</u>
Deferred outflows of resources:	
Changes in proportion and related differences – cost sharing plans VRS Teacher cost sharing plan	\$ 821,920
Changes in assumptions	
VRS – nonprofessionals	228,497
VRS Teacher cost sharing plan	8,177,916
Contributions subsequent to measurement date	
VRS – nonprofessionals	185,889
VRS Teacher cost sharing plan	<u>8,183,144</u>
	<u>\$ 17,597,366</u>
Net VRS liability (asset):	
VRS – nonprofessionals	\$ (84,702)
VRS Teacher cost sharing plan	<u>82,585,756</u>
	<u>\$ 82,501,054</u>
Deferred inflows of resources:	
Difference between expected and actual experience	
VRS – nonprofessionals	\$ 134,800
VRS teacher cost sharing plan	5,288,315
Net difference between projected and actual earnings on pension plan investments	
VRS – nonprofessionals	198,460
VRS teacher cost sharing plan	1,813,387
Changes in proportion and related differences – cost sharing plans VRS Teacher cost sharing plan	<u>6,832,373</u>
	<u>\$ 14,267,335</u>
Net VRS expense	
VRS – nonprofessionals	\$ 86,365
VRS Teacher cost sharing plan	<u>7,795,267</u>
	<u>\$ 7,881,632</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 14. Other Post-Employment Benefits – Healthcare

City of Lynchburg

Plan Description

The City provides certain benefits for retired employees through a single-employer defined benefit plan. The City may change, add, or delete benefits with City Council approval. The plan does not grant retirees vested health or dental coverage benefits.

Benefits Provided

The City provides post-employment health and dental benefits to its retirees, through its self-insured health plan. Retirees may continue to participate in the group health and dental plans based upon the date of full time hire in accordance with the provisions outlined below.

- (1) Full time Classified employees hired on or after July 1, 1996 are currently eligible to participate in the City's health and dental plans at the retiree's expense when they retire directly from the City with at least fifteen (15) years of full time service with the City. The retiree must pay the current premium value of the medical coverage.
- (2) Full time Classified employees hired on or after July 1, 1990 but before July 1, 1996 are currently eligible to participate in the City's health and dental plans and receive City contributions for the coverage when they retire directly from the City with at least fifteen (15) years of full time service with the City and the retiree worked for the City five (5) of the fifteen (15) years immediately preceding retirement.
- (3) Full time Classified employees hired prior to July 1, 1990 are currently eligible for health and dental plan participation and receive City contributions for their coverage when they retire directly from the City.

The City does not provide prescription coverage for Medicare eligible retirees.

Membership

The number of participants as of the most recent valuation, January 1, 2020, was as follows:

Actives	1,150
Retired/Dependents	<u>507</u>
Total Participants	<u>1,657</u>

Total OPEB Liability

The City's total OPEB liability of \$47,911,151 was measured as of June 30, 2020, and was determined by an actuarial valuation as of January 1, 2020.

Actuarial Assumptions

In the January 1, 2020 actuarial valuation, the Entry Age actuarial cost method was used to develop the AAL and the Normal Cost. Under this method, the postretirement health costs are assumed to be earned ratably from date of hire to the participant's full retirement eligibility age (age 50 or older with 15 or more years of service). The actuarial assumptions used a 2.45% discount rate, and an initial annual healthcare cost trend of 6.0% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 4.25%. Mortality rates were RPH-2014 for Males and Females projected generationally to 2020 with Scale SSA.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 14. Other Post-Employment Benefits – Healthcare (Continued)

City of Lynchburg (Continued)

Changes in OPEB Liability

	2020
Service Cost	\$ 371,336
Interest	2,600,222
Difference between expected and actual experience	(38,403,363)
Changes in assumptions	2,100,461
Benefit payments, including implicit subsidies	(2,898,368)
Net Change in Total OPEB Liability	(36,229,712)
Total OPEB Liability – Beginning of Year	84,140,863
Total OPEB Liability – End of Year	<u>\$ 47,911,151</u>

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the plans, calculated using the discount rate of 2.45%, as well as what each plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	1.45%	2.45%	3.45%
Total OPEB Liability	\$ 54,181,047	\$ 47,911,151	\$ 42,789,254
Net OPEB Liability	<u>\$ 54,181,047</u>	<u>\$ 47,911,151</u>	<u>\$ 42,789,254</u>
Ratio of Plan Net Position to Total OPEB Liability	0.0%	0.0%	0.0%

Sensitivity of the net OPEB liability to changes in the healthcare trend rate

The following presents the net OPEB liability of the plans, calculated using the healthcare trend rate of from 6.00% to an ultimate rate of 4.25%, as well as what each plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease	Current Ultimate Trend Rate	1% Increase
Ultimate Trend Rate	3.25%	4.25%	5.25%
Total OPEB Liability	\$ 42,624,331	\$ 47,911,151	\$ 54,337,128
Net OPEB Liability	<u>\$ 42,624,331</u>	<u>\$ 47,911,151</u>	<u>\$ 54,337,128</u>
Ratio of Plan Net Position to Total OPEB Liability	0.0%	0.0%	0.0%

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 14. Other Post-Employment Benefits – Healthcare (Continued)

City of Lynchburg (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of \$(4,263,346). At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (47,420,834)
Change in actuarial assumptions	6,123,193	(398,514)
Total	<u>\$ 6,123,193</u>	<u>\$ (47,819,348)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	Net Amount of Outflow/(Inflow)
2021	\$ (7,234,904)
2022	(7,234,904)
2023	(7,234,904)
2024	(7,234,909)
After 2024	(12,756,534)
Total Amount to be Recognized	(41,696,155)

Lynchburg City Schools

Plan Description

The Schools provide full-time active employees eligibility to receive postretirement medical and dental benefits after retiring from active service from the Schools under the VRS Teachers Retirement Plan under the normal or early retirement plan provisions. The employee must have worked for the Schools for 10 continuous years prior to retirement. The earliest retirement eligibility is age 50 with at least 10 years of service.

Benefits Provided

Lynchburg City Schools currently provides medical, dental and vision benefits to its retirees and their eligible dependents that elect to stay in the plan. At retirement, retirees may stay in an Anthem KeyCare Plan with prescription drug benefits. The plan is an Anthem KeyCare 25 plan with a \$750 deductible.

Dental benefits are offered through Anthem and the vision benefits are offered through EyeMed Vision. Since the retiree pays the full rates for both of these plans, we assumed there was no GASB liability for either of these plans.

Retirees can continue coverage under all the benefits until age 65. If the spouse is covered, he or she can continue until the retiree turns 65. If the spouse turns 65 before the retiree, they may remain in the plan with the same benefits or elect to leave the plan and go on Medicare. It is assumed that spouses would remain in the plan since this was the more conservative approach and there have been spouses over age 65 in the plan.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 14. Other Post-Employment Benefits – Healthcare (Continued)

Lynchburg City Schools (Continued)

Early Retirement Incentive Plan

Under an early retirement incentive plan adopted by the School Board in April 2009, the Schools will pay the employer-only low option medical plan for an eligible retiree. Employees are eligible for this early retirement incentive plan upon reaching twenty-five (25) years of Virginia Retirement System service and ten (10) continuous years of employment with Lynchburg City Schools immediately preceding retirement. The benefit is payable for five (5) years or until age 65, whichever occurs first. This plan was offered only in FY 2009, and is no longer available to new participants.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the plan:

Inactive employees or beneficiaries:	
Currently receiving benefits	72
Entitled to but not yet receiving benefits	<u>-</u>
Total inactive employees	72
Active plan members	<u>1,319</u>
	<u><u>1,391</u></u>

Total OPEB Liability

The School's total OPEB liability of \$11,612,855 was measured as of June 30, 2019 and was determined based on an actuarial valuation performed as of July 1, 2018.

Actuarial Assumptions and other inputs

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
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Mortality rates: RP-2000 Combined Mortality Table Projected with Scale AA to 2020, males set back 3 years and females set back 5 years.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.

Changes in assumptions and other inputs reflect a change in the discount rate based on GASB 75 rules.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 14. Other Post-Employment Benefits – Healthcare (Continued)**Lynchburg City Schools (Continued)****Changes in the Total OPEB Liability**

Balance at June 30, 2018	\$ 10,310,379
Changes for the year:	
Service cost	858,868
Interest	424,127
Differences between expected and actual experience	-
Assumption or other input changes	439,283
Benefit payments	(419,802)
Net changes	1,302,476
Balance at June 30, 2019	\$ 11,612,855

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Schools, as well as what the Schools' total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.5%) or one percentage point higher (4.5%) than the current discount rate:

	1.00% Decrease (2.5%)	Current Discount Rate (3.5%)	1.00% Increase (4.5%)
Total OPEB liability	\$ 12,909,607	\$ 11,612,855	\$ 10,472,675

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Schools, as well as what the Schools' total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current healthcare cost trend rates:

	1.00% Decrease (7.00%)	Current Healthcare Cost Trend Rates (8.00%)	1.00% Increase (9.00%)
Total OPEB liability	\$ 10,099,199	\$ 11,612,855	\$ 13,449,206

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 14. Other Post-Employment Benefits – Healthcare (Continued)

Lynchburg City Schools (Continued)**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the Schools recognized OPEB expense of \$1,377,513. At June 30, 2019, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,305,861	\$ 1,159,913
Change in assumptions	376,528	525,918
Employer contributions subsequent to the measurement date	<u>155,894</u>	<u>-</u>
Total	<u><u>\$ 2,838,283</u></u>	<u><u>\$ 1,685,831</u></u>

The \$155,894 reported as deferred outflows of resources related to OPEB resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the OPEB Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2021	\$ 94,518
2022	94,518
2023	94,517
2024	587,497
2025	62,755
Thereafter	62,753

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 15. Other Post-Employment Benefits – Group Life Insurance

City of Lynchburg

Summary of Significant Accounting Policies

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Group Life Insurance Program

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the City were \$303,560 and \$290,819 for the years ended June 30, 2020 and June 30, 2019, respectively.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

City of Lynchburg (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Inflows and Outflows of Resources Related to OPEB

At June 30, 2020, the City reported a liability of \$4,591,169 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the City's proportion was 0.28214% as compared to 0.28865% at June 30, 2018.

For the year ended June 30, 2020, the City recognized GLI OPEB expense of \$75,907. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 305,340	\$ (59,552)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(94,306)
Changes in actuarial assumptions	289,860	(138,444)
Changes in proportion	-	(142,751)
Employer contributions subsequent to the measurement date	303,560	-
Total	<u>\$ 898,760</u>	<u>\$ (435,053)</u>

\$303,560 reported as deferred outflows of resources related to the GLI OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Increase/ (Reduction) to OPEB Expense
2021	\$ (13,946)
2022	(13,943)
2023	26,000
2024	65,913
2025	75,207
Thereafter	20,916

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

City of Lynchburg (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation:	
• Locality – General employees	3.50 – 5.35 %
• Locality – Hazardous Duty employees	3.50 – 4.75 %
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.75%
• Ages 65 and older	5.50 – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans.

Net OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	GLI OPEB Program
Total GLI OPEB Liability	\$ 3,390,238
Plan Fiduciary Net Position	1,762,972
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%

The total GLI OPEB liability is calculated by the VRS actuary, and each plan's fiduciary net position is reported in the VRS financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

City of Lynchburg (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS investments was determined using a log- normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS - Multi -Asset Public Strategies	6.00	3.52	0.21
PIP- Private Investment Partnership	3.00	6.29	0.19
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected Arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

City of Lynchburg (Continued)

Sensitivity of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the City's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Total GLI OPEB Liability	<u>\$ 6,031,525</u>	<u>\$ 4,591,169</u>	<u>\$ 3,423,080</u>

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

At June 30, 2020 the City reported a payable of \$204,206 for the outstanding amount of contributions to VRS required for the year ended June 30, 2020.

Lynchburg City Schools

Plan Descriptions

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

Lynchburg City Schools (Continued)

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the Schools General plan were \$19,925 and \$18,231 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the Group Life Insurance Program from the Schools Teachers plan were \$282,867 and \$273,581 for the years ended June 30, 2020 and June 30, 2019, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Inflows and Outflows of Resources Related to OPEB

At June 30, 2020, the Schools General plan reported a liability of \$290,220 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the Schools General plan proportion was 0.01870% as compared to 0.02014% at June 30, 2018.

For the year ended June 30, 2020, the Schools General plan recognized GLI OPEB expense of \$0. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the Schools General plan reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,093	\$ 3,819
Net difference between projected and actual earnings on GLI OPEB program investments	-	5,728
Changes in actuarial assumptions	18,139	8,592
Changes in proportion	-	28,640
Employer contributions subsequent to the measurement date	19,925	-
Total	<u>\$ 57,157</u>	<u>\$ 46,779</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

Lynchburg City Schools (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

\$19,925 reported as deferred outflows of resources related to the GLI OPEB resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Increase/ (Reduction) to OPEB Expense
2021	\$ (5,293)
2022	(5,293)
2023	(2,765)
2024	840
2025	2,336
Thereafter	628

At June 30, 2020, the Schools Teachers plan reported a liability of \$4,359,978 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the Schools Teachers plan proportion was 0.28067% as compared to 0.29503% at June 30, 2018.

For the year ended June 30, 2020, the Schools Teachers plan recognized GLI OPEB expense of \$28,640. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the Schools Teachers plan reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 290,220	\$ 56,326
Net difference between projected and actual earnings on GLI OPEB program investments	-	89,739
Changes in actuarial assumptions	274,945	131,744
Changes in proportion	-	340,817
Employer contributions subsequent to the measurement date	282,867	-
Total	\$ 848,032	\$ 618,626

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

Lynchburg City Schools (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

\$282,867 reported as deferred outflows of resources related to the GLI OPEB resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Increase/ (Reduction) to OPEB Expense
2021	\$ (56,703)
2022	(56,699)
2023	(18,766)
2024	21,047
2025	44,547
Thereafter	13,113

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation:	
• Locality – General employees	3.50 – 5.35 %
• Teachers	3.50 – 5.95 %
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.75%
• Ages 65 and older	5.50 – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

Lynchburg City Schools (Continued)

Net OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	GLI OPEB Program
Total GLI OPEB Liability	\$ 3,390,238
Plan Fiduciary Net Position	1,762,972
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%

The total GLI OPEB liability is calculated by the VRS actuary, and each plan's fiduciary net position is reported in the VRS financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS investments was determined using a log- normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS – Multi-Asset Public Strategies	6.00	3.52	0.21
PIP – Private Investment Partnership	3.00	6.29	0.19
Total	100.00%		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		*Expected Arithmetic nominal return	<u>7.63%</u>

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

Lynchburg City Schools (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the School's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the School's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Total GLI OPEB Liability – General	<u>\$ 381,643</u>	<u>\$ 290,220</u>	<u>\$ 216,595</u>
Total GLI OPEB Liability – Teachers	<u>\$ 5,728,115</u>	<u>\$ 4,359,978</u>	<u>\$ 3,250,885</u>

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

At June 30, 2020 the School's General plan and Teachers plan reported payables of \$4,519 and \$65,864, respectively for the outstanding amount of contributions to VRS required for the year ended June 30, 2020.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 16. Other Post-Employment Benefits – Health Insurance Credit (HIC)

Lynchburg City Schools

Summary of Significant Accounting Policies

Teacher Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan. The Teacher Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee Health Insurance Credit Program OPEB, and the Teacher Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program; and the additions to/deductions from the VRS Teacher Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Teacher Employee Health Insurance Credit Program

Plan Description

All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Specific information about the Teacher HIC is available at
<https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Teacher Employee Health Insurance Credit Program from the Schools were \$644,708 and \$622,711 for the years ended June 30, 2020 and June 30, 2019, respectively.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 16. Other Post-Employment Benefits – Health Insurance Credit (Continued)**Lynchburg City Schools (Continued)****OPEB Liabilities, OPEB Expense, and Deferred Inflows and Outflows of Resources Related to OPEB**

At June 30, 2020, the School's reported a liability of \$8,155,323 for its proportionate share of the Net HIC OPEB Liability. The Net HIC OPEB Liability was measured as of June 30, 2019 and the total HIC OPEB liability used to calculate the Net HIC OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net HIC OPEB Liability was based on the covered employer's actuarially determined employer contributions to the HIC Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the School's proportion was 0.65486% as compared to 0.69209% at June 30, 2018.

For the year ended June 30, 2020, the School's recognized HIC OPEB expense of \$551,742. Since there was a change in proportionate share between measurement dates, a portion of the HIC OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the School's reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 951	\$ 46,613
Net difference between projected and actual earnings on HIC OPEB program investments	-	-
Changes in actuarial assumptions	190,256	57,077
Changes in proportion	-	699,190
Employer contributions subsequent to the measurement date	644,708	-
Total	<u>\$ 835,915</u>	<u>\$ 802,880</u>

\$644,708 reported as deferred outflows of resources related to the HIC OPEB resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ending June 30,	Increase/ (Reduction) to OPEB Expense
2021	\$ (52,875)
2022	(52,962)
2023	(77,831)
2024	(69,512)
2025	(94,991)
Thereafter	(263,502)

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 16. Other Post-Employment Benefits – Health Insurance Credit (Continued)

Lynchburg City Schools (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.50%
Salary increases, including inflation:	
• Locality – General employees	3.50 – 5.35 %
• Locality – Teachers	3.50 – 5.95 %
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.75%
• Ages 65 and older	5.50 – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans.

Net OPEB Liability

The net OPEB liability (NOL) for the HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the HIC Program is as follows (amounts expressed in thousands):

	HIC OPEB Program
Total HIC OPEB Liability	\$ 1,438,114
Plan Fiduciary Net Position	129,016
Employers' Net HIC OPEB Liability (Asset)	<u>\$ 1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	8.97%

The total HIC OPEB liability is calculated by the VRS actuary, and each plan's fiduciary net position is reported in the VRS financial statements. The net HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 16. Other Post-Employment Benefits – Health Insurance Credit (Continued)

Lynchburg City Schools (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS investments was determined using a log- normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS – Multi Asset Public Strategies	6.00	3.52	0.21
PIP – Private Investment Partnership	3.00	6.29	0.19
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected Arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 16. Other Post-Employment Benefits – Health Insurance Credit (Continued)

Lynchburg City Schools (Continued)

Sensitivity of the Net HIC OPEB Liability to Changes in the Discount Rate

The following presents the School's proportionate share of the net HIC OPEB liability using the discount rate of 6.75%, as well as what the School's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Total HIC OPEB Liability	<u>\$ 9,619,343</u>	<u>\$ 8,155,323</u>	<u>\$ 7,768,152</u>

Health Insurance Credit Program Fiduciary Net Position

Detailed information about the Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS HIC OPEB Plan

At June 30, 2020 the School's reported a payable of \$60,333 for the outstanding amount of contributions to VRS required for the year ended June 30, 2020.

Note 17. Other Post-Employment Benefits – Line of Duty Act (LODA)

City of Lynchburg

General Information about the Line of Duty Act

Plan Description

The City of Lynchburg is a non-participating employer of the State's Line of Duty Act (LODA), and therefore directly funds the cost of benefits provided under LODA. Public safety employees and volunteers of the City who are disabled or killed in the line of duty and their eligible family members are eligible.

Benefits Provided

The City will continue to pay the LODA Health Benefit Plans premiums for any claimant and/or eligible spouse and family members to the Department of Health Resources and Management (DHRM), Virginia; pays death benefit of \$100,000 (if death occurs as a direct result of performing duty; amount may vary for other causes of death) to eligible family members, funeral benefits (if requested); any administrative fees associated with the LODA claims and retroactive health insurance premium reimbursements, if applicable. Effective July 1, 2017, benefits are not covered upon eligibility for Medicare due to age, income greater than pre-disability income, surviving spouses who remarry. Existing participants with a death or disability eligibility date prior to July 1, 2017 and current/existing spouses who remarry prior to July 1, 2017 are grandfathered.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 17. Other Post-Employment Benefits – Line of Duty Act (LODA) (Continued)

City of Lynchburg (Continued)

General Information about the Line of Duty Act (Continued)

Membership

The number of participants as of the most recent valuation, January 1, 2020, was as follows:

Actives	340
Disabled Participants/Dependents	<u>24</u>
Total Participants	<u>364</u>

Total OPEB Liability

The City's total OPEB liability of \$7,128,543 was measured as of June 30, 2020, and was determined by an actuarial valuation as of January 1, 2020.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, using a Healthcare Trend: 6.00% initially, grading down to 4.25% ultimate. Mortality rates were RPH2014 for Males and Females base year 2000 projected to 2020 with Scale SSA. The Entry Age method is used for accounting/GASB purposes.

Changes in OPEB Liability

Total OPEB Liability	2020
Service Cost	\$ 173,562
Interest	281,173
Difference between expected and actual experience	(3,213,464)
Changes in assumptions	1,192,943
Benefit payments	<u>(228,753)</u>
Net Change in Total OPEB Liability	(1,794,539)
Total OPEB Liability – Beginning of Year	<u>8,923,082</u>
Total OPEB Liability – End of Year	<u><u>\$ 7,128,543</u></u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 17. Other Post-Employment Benefits – Line of Duty Act (LODA) (Continued)

City of Lynchburg (Continued)

General Information about the Line of Duty Act (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the plans, calculated using the discount rate of 2.45%, as well as what each plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Discount Rate	1.45%	2.45%	3.45%
Total OPEB Liability	<u>\$ 8,251,531</u>	<u>\$ 7,128,543</u>	<u>\$ 6,235,184</u>
Net OPEB Liability	<u>\$ 8,251,531</u>	<u>\$ 7,128,543</u>	<u>\$ 6,235,184</u>
Ratio of Plan Net Position to Total OPEB Liability	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

Sensitivity of the net OPEB liability to changes in the healthcare trend rate

The following presents the net OPEB liability of the plans, calculated using the healthcare trend rate of from 6.00% to an ultimate rate of 4.25%, as well as what each plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Ultimate Trend Rate</u>	<u>1% Increase</u>
Ultimate Trend Rate	3.25%	4.25%	5.25%
Total OPEB Liability	<u>\$ 6,165,712</u>	<u>\$ 7,128,543</u>	<u>\$ 8,334,891</u>
Net OPEB Liability	<u>\$ 6,165,712</u>	<u>\$ 7,128,543</u>	<u>\$ 8,334,891</u>
Ratio of Plan Net Position to Total OPEB Liability	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 17. Other Post-Employment Benefits – Line of Duty Act (LODA) (Continued)

City of Lynchburg (Continued)**General Information about the Line of Duty Act (Continued)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the City recognized OPEB expense of \$343,342. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (2,892,118)
Change in actuarial assumptions	1,526,945	-
Total	<u>\$ 1,526,945</u>	<u>\$ (2,892,118)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	Net Amount of Outflow/(Inflow)
2021	\$ (111,393)
2022	(111,393)
2023	(111,393)
2024	(111,393)
After 2024	(919,601)
Total Amount to be Recognized	(\$1,365,173)

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 18. Summary of Other Postemployment Benefit Elements

A summary of other postemployment benefit (“OPEB”) financial statement elements are as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred outflows of resources - OPEB			
OPEB contributions subsequent to measurement date			
Group life insurance	\$ 266,343	\$ 37,217	\$ 303,560
OPEB Diff between expected and actual experience			
Group life insurance	267,905	37,435	305,340
OPEB Changes of Assumptions			
Group life insurance	254,323	35,537	289,860
Health	5,357,795	765,398	6,123,193
Line of Duty	1,526,945	-	1,526,945
Total deferred outflow of resources - OPEB	<u>\$ 7,673,311</u>	<u>\$ 875,587</u>	<u>\$ 8,548,898</u>
Net OPEB liability			
Group life insurance	\$ 4,028,291	\$ 562,878	\$ 4,591,169
Health - Local plan	41,922,257	5,988,894	47,911,151
Line of Duty	7,128,543	-	7,128,543
Total net OPEB liability	<u>\$ 53,079,091</u>	<u>\$ 6,551,772</u>	<u>\$ 59,630,863</u>
Deferred inflows of resources - OPEB			
Difference between expected and actual experience			
Group life insurance	\$ 52,251	\$ 7,301	\$ 59,552
Health - Local plan	41,493,229	5,927,605	47,420,834
Line of Duty	2,892,118	-	2,892,118
Differences between projected and actual earnings on investments			
Group life insurance	82,744	11,562	94,306
Change of assumption			
Group life insurance	121,471	16,973	138,444
Health - Local plan	348,700	49,814	398,514
Change in proportionate share			
Group life insurance	125,250	17,501	142,751
Total deferred inflow of resources - OPEB	<u>\$ 45,115,763</u>	<u>\$ 6,030,756</u>	<u>\$ 51,146,519</u>
OPEB expense			
Health - Local plan	\$ (3,730,854)	\$ (532,492)	\$ (4,263,346)
VRS GLI	66,601	9,306	75,907
Line of Duty	343,342	-	343,342
Total OPEB expense	<u>\$ (3,320,911)</u>	<u>\$ (523,186)</u>	<u>\$ (3,844,097)</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 18. Summary of Other Postemployment Benefit Elements (Continued)

A summary of other postemployment benefit (“OPEB”) financial statement elements are as follows:

	Component Unit School Board
Deferred outflows of resources:	
Difference between expected and actual experience	
Local OPEB	\$ 2,305,861
GLI – general employees	19,093
GLI – teachers	290,220
HIC – teachers	951
Changes in assumptions	
Local OPEB	376,528
GLI – general employees	18,139
GLI – teachers	274,945
HIC – teachers	190,256
OPEB contributions subsequent to measurement date	
Local OPEB	155,894
GLI – general employees	19,925
GLI – teachers	282,867
HIC – teachers	644,708
	<u>\$ 4,579,387</u>
Net OPEB liability:	
Local OPEB	\$ 11,612,855
GLI – general employees	290,220
GLI – teachers	4,359,978
HIC – teachers	8,155,323
	<u>\$ 24,418,376</u>
Deferred inflows of resources:	
Difference between expected and actual experience	
Local OPEB	\$ 1,159,913
GLI – general employees	3,819
GLI – teachers	56,326
HIC – teachers	46,613
Changes in assumptions	
Local OPEB	525,918
GLI – general employees	8,592
GLI – teachers	131,744
HIC – teachers	57,077
Net difference between projected and actual earnings on	
OPEB plan investments:	
GLI – general employees	5,728
GLI – teachers	89,739

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 18. Summary of Other Postemployment Benefit Elements (Continued)

A summary of other postemployment benefit (“OPEB”) financial statement elements are as follows (Continued):

	Component Unit School Board
Deferred inflows of resources: (Continued)	
Changes in proportion and related differences – cost sharing plans	
GLI – general employees	\$ 28,640
GLI – teachers	340,817
HIC – teachers	699,190
	<u>\$ 3,154,116</u>
Net OPEB expense	
Local OPEB	\$ 1,377,513
GLI – general employees	-
GLI – teachers	28,640
HIC – teachers	551,742
	<u>\$ 1,957,895</u>

Note 19. Leases

Lessee:

Operating leases have original terms from one month to 120 months and in certain instances allow cancellations if funds are not appropriated for each year’s payments. At June 30, future minimum lease payments are as follows:

Year Ending June 30	Operating Leases	
	Primary Government	Component Unit – Schools
2021	\$ 182,498	\$ 406,418
2022	112,839	288,407
2023	94,413	185,140
2024	72,173	111,440
2025	65,670	64,103
2026-2030	323,300	25,000
	<u>\$ 850,893</u>	<u>\$ 1,080,508</u>

For 2020, the City incurred rental expenditures of \$521,206 and the Schools incurred rental expenditures of \$655,719.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 20. Risk Management

The Risk Management Programs of the City are as follows:

Workers' Compensation: The City is self-insured for workers' compensation claims. All settled claims are paid through the General Fund and then charged to the Proprietary funds as appropriate. The liability for worker's compensation claims, including an estimate of incurred but not reported claims based on prior experience, to be paid in the next fiscal year and in future years is reflected in the statement of net position. Total claims paid for the year ended June 30 amounted to \$1,297,067.

General Liability and Other: The City is contingently liable with respect to lawsuits and other claims that arise in the normal course of operations. The City is self-insured for general liability and automobile liability claims and purchases insurance coverage for risks related to property, boiler and machinery, surety bonds, and airport liability. City property is insured up to a limit of approximately \$428 million per occurrence. Other liability policies provide up to \$60,000,000 coverage in the aggregate. Police professional liability and public officials' liability claims with a \$500,000 deductible per claim are covered through a policy with the States Self Insurance Risk Group. Total premiums for purchased coverage for the year ended June 30 were \$693,784. The City has designated a portion of its fund balance in the General Fund to fund future general liability claims. City management believes any incurred but not reported claims at June 30 would be insignificant.

Healthcare: The City's professionally administered self-insurance program provides healthcare coverage for employees and retirees of the City on a cost-plus basis. Dependents of employees and retirees are also covered by the program provided they pay a premium to the City. Under the program, the City is obligated for claims payments and administrative costs. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$300,000 per covered individual per contract year. Included in accrued payroll related liabilities for the year ended June 30 were claims payables of \$688,000. Administrative fees, Affordable Care Act fees, and stop loss premiums for the year ended June 30 totaled \$1,063,383.

Changes in aggregate liabilities were as follows:

			Beginning of Year	Claims and Reserves	Claim Payments	End of Year
Workers' Compensation	2020	\$	3,458,821	\$ 791,261	\$ 1,297,067	\$ 2,953,015
	2019	\$	3,687,192	\$ 612,624	\$ 840,995	\$ 3,458,821
General/Automotive Liability	2020	\$	-	\$ 837,667	\$ 837,667	\$ -
	2019	\$	-	\$ 241,307	\$ 241,307	\$ -
Healthcare	2020	\$	1,580,336	\$ 12,979,932	\$ 13,872,268	\$ 688,000
	2019	\$	826,717	\$ 13,059,515	\$ 12,305,896	\$ 1,580,336

General/Automobile Liability and Healthcare are considered current liabilities and are included in accounts payable and accrued liabilities in the Statement of Net Position. The Workers' Compensation breakdown between current and noncurrent is shown in Note 9.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 20. Risk Management (Continued)

The Risk Management Programs of the Schools are as follows:

Workers' Compensation: The Schools is a member of the School System of Virginia for its workers' compensation claims. The membership is funded through the school operating budget.

General Liability and Other: The Schools carry commercial insurance for all risk of loss. Settled claims have not exceeded commercial insurance coverage and there have not been any significant reductions in insurance coverage over the previous year.

Healthcare: The Schools' professionally administered self-insurance program provides healthcare coverage for employees and retirees of the Schools on a cost-plus basis. Dependents of employees and retirees are also covered by the program provided they pay a premium to the Schools. Under the program, the Schools are obligated for claims payments and administrative costs. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$350,000 per covered individual per contract year. Total claims expense of \$10,658,559 was incurred in the current year, and there were no claims above the per individual limit that would have been covered by the stop loss policy. Administrative fees, affordable care act fees, and stop loss premiums for the current year totaled \$1,047,039. Estimated incurred, but not reported, claims at June 30 based on prior experience totaled \$1,464,221 and have been recorded as a liability by the Schools.

Changes in aggregate liabilities were as follows:

		Beginning of Year	Claims and Reserves	Claim Payments	End of Year
Healthcare	2020	\$ 1,471,621	\$ 10,658,559	\$ 10,665,959	\$ 1,464,221
	2019	\$ 990,741	\$ 9,502,028	\$ 9,021,148	\$ 1,471,621

Note 21. Significant Transactions of the City and Discretely Presented Component Unit – Schools

Certain transactions between the City and Schools are explained here to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements.

1. The Schools can neither levy taxes nor incur debt under Virginia law. Therefore, the City issues debt "on behalf" of the Schools. The debt obligation is recorded as a liability of the City's governmental activities. The proceeds from such debt are recorded in the City's General Fund. Funding in an amount equal to the proceeds is then provided to the Schools to pay for capital expenditures. Unspent funds at year-end are reported as deposits and investments of the City in the School Capital Projects Fund.
2. The City's budgeting process provides funding in the General Fund for Schools debt service payments. GAAP requires that debt issued "on behalf" of the Schools and related debt service payments be reported by the City for financial reporting purposes. Therefore, debt service payments for Schools' bonded debt is reported as part of the City for financial reporting purposes in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. Debt and related debt service for other than bonded debt is reported by the Schools.
3. If all economic resources associated with school activities were reported with the Schools, its total expenses/expenditures would be as follows:

Expenses of Schools – Component Unit (Exhibit 2)	\$ 111,427,629
Principal and other debt service expenses included in City	<u>13,213,508</u>
Total expenses/expenditures for School activities	<u><u>\$ 124,641,137</u></u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 22. Commitments and Contingencies

Combined Sewer Overflow (CSO):

In 1994, and with subsequent permit renewals, the Virginia Department of Environmental Quality (VDEQ) issued a sewage discharge per CSO program. That permit required the City to implement a CSO Long-Term Control Plan and to undertake certain combined sewer management practices designed to minimize CSO discharge until the sewer system is completely separated. The order established a project priority listing for implementation of the CSO control plan.

On July 31, 2015 VDEQ issued a revised Consent Special Order which significantly changed the CSO Long-Term Control Plan. The revised plan includes an alternate list of projects designed to integrate the CSO program with overarching water quality standards that encompass both CSO and stormwater management impacts. As of June 30, 2020 the revised program has an estimated remaining cost \$31.3 million.

The new Consent Special Order does not contain a strict compliance schedule for implementing the CSO Long-Term Control Plan, but rather provides for implementation based on criteria reflecting the limits of the City's financial capability. The current Consent Special Order requires the City to meet several specific criteria such as: maintain a sewer operating fund debt coverage ratio within a range of 1.1 to 1.5 computed on a rolling three year average; ensure sewer fund reserves equal no more than 40 percent of the subsequent years' budgeted operating expenditures; and at least every other year adjust sewer rates and fees so that the annual sewer billing for a residential customer equals or exceeds 1.25% of the median household income based on 7 hcf (hundred cubic feet) of use per month. The City has successfully implemented its CSO Long-Term Control Plan since 1994 in accordance with the requirements of its permit and Special Orders of Consent. The City is also required by the current Special Order of Consent to submit an annual report by December 10 of each year to VDEQ on its compliance with the order and its progress with the CSO Long-Term Control Plan implementation. The report includes a review of the required financial targets by an independent consultant.

Grant Programs:

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as to being appropriate expenditures under terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, related to such audits would not be material to the financial position of the City at June 30, 2020.

Arbitrage:

The City has certain debt instruments subject to arbitrage regulations. As of June 30, 2020, the arbitrage rebate liability estimate was zero.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 22. Commitments and Contingencies (Continued)

Encumbrance Commitments:

The City had the following outstanding encumbrances as of June 30.

MAJOR FUNDS

General Fund	\$ 3,721,234
City Capital Projects Fund	30,190,269
School Capital Projects	1,035,465
Total Major Funds	34,946,968

NONMAJOR FUNDS

City Federal State Aid	103,883
Forfeited Assets	21,699
Lynchburg Regional Juvenile Detention Center	8,399
Total Nonmajor Funds	133,981

TOTAL ENCUMBRANCES	\$ 30,080,949
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Construction Commitments:

Included in the encumbrances above are construction commitments of \$30,190,269 in the City Capital Projects fund and \$1,035,465 in the School Capital Projects fund. The City also had construction commitments of \$3,154,085 in the Water fund; \$10,411,571 in the Sewer fund; \$853,795 in the Stormwater Fund; and \$22,010 in the Airport fund as of June 30, 2020.

Note 23. Tax Abatements

The City provides tax abatements through Economic Development for two grants. The grants are provided to local developers through the Lynchburg Economic Development Authority (LEDA). To qualify for the grant, local developers must complete projects that promote economic development within the City. The projects must generate additional tax revenue; as well as create new jobs, and services that will benefit the City. Performance agreements between the City, the developer, and LEDA are approved by City Council. Local taxes collected from the businesses located in these developments are used to fund the grants. The applicable taxes include real estate, business personal property, business license, sales and use, meals, and lodging tax. Total taxes abated for the two grants during FY2020 were \$630,748.

The maximum total tax abatements, over a fifteen year period, for the two current grants is \$3,000,000 for a conduit loan by the LEDA and \$5,879,794 for reimbursement of the cost to construct a road in a mixed use development.

The City has real estate tax abatement agreements with individuals and businesses who have renovated property within City limits in accordance with the City Code. The abatement is available for an existing residential structure, which is no less than fifty years of age, and which has been improved as to increase the assessed value of the structure by no less than forty percent. For multifamily (five units or more), commercial, or industrial real estate; the abatement is for a substantially rehabilitated or renovated structure which is no less than twenty-five years of age, and which has been so improved as to increase the assessed value of the structure by no less than sixty percent. The tax exemption is effective for a period of ten years for any completed approved rehabilitation/renovation during the preceding fiscal year. Currently, the total active real estate rehabilitation credits are \$112,148,051 on a total of 291 parcels equating to \$1,244,843 in real estate tax.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 24. COVID-19 Impact

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The City’s operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation has depressed the tax bases and other areas in which the City received revenue during fiscal year 2020. As such, our financial condition and liquidity may be negatively impacted for the fiscal year 2021.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the City’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Note 25. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

In January 2017, the GASB issued **Statement No. 84, *Fiduciary Activities***. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, The GASB issued **Statement No. 87, *Leases***. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

In August 2018, the GASB issued **Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61***. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

Note 25. New Accounting Standards (Continued)

Statement No. 90, Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61 (Continued)

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued **Statement No. 91, Conduit Debt Obligations**. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92, Omnibus**. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 93, Replacement of Interbank Offered Rates**. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements**. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96, Subscription-Based Information Technology Arrangements**. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32**. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

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REQUIRED SUPPLEMENTAL INFORMATION

Required Supplementary Information

Primary Government

Schedule of Changes in Net Pension Liability and Related Ratios

For the Year Ended June 30, 2020

	Plan Year					
	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service cost	\$ 6,203,323	\$ 6,349,597	\$ 6,346,042	\$ 6,432,589	\$ 6,654,862	\$ 6,625,713
Interest on total pension liability	22,279,728	22,979,376	23,599,711	24,063,948	24,449,704	25,140,219
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	(1,322,839)	(3,091,281)	(5,899,588)	120,722	(2,629,680)
Changes in assumptions	-	-	-	2,149,134	-	10,427,997
Benefit payments, including refunds of employee contributions	(18,346,084)	(18,630,099)	(19,658,299)	(20,786,742)	(21,683,819)	(21,037,746)
Net change in total pension liability	10,136,967	9,376,035	7,196,173	5,959,341	9,541,469	18,526,503
Total pension liability - beginning	<u>327,454,876</u>	<u>337,591,843</u>	<u>346,967,878</u>	<u>354,164,051</u>	<u>360,123,392</u>	<u>369,664,861</u>
Total pension liability - ending	<u>337,591,843</u>	<u>346,967,878</u>	<u>354,164,051</u>	<u>360,123,392</u>	<u>369,664,861</u>	<u>388,191,364</u>
Plan Fiduciary Net Position						
Contributions - employer	10,482,447	10,640,498	10,888,855	9,920,997	10,083,118	10,150,416
Contributions - employee	2,545,602	2,623,103	2,647,107	2,766,837	2,676,472	2,655,886
Net investment income	32,917,551	10,830,296	4,079,524	28,939,509	19,156,055	17,849,423
Benefit payments, including refunds of employee contributions	(18,346,084)	(18,630,099)	(19,658,299)	(20,786,742)	(21,683,819)	(21,037,746)
Administrative expenses	(180,075)	(151,038)	(152,831)	(171,345)	(169,088)	(180,734)
Other	1,737	(2,273)	(1,774)	(25,640)	(16,908)	(11,250)
Net change in plan fiduciary net position	27,421,178	5,310,487	(2,197,418)	20,643,616	10,045,830	9,425,995
Plan fiduciary net position - beginning	<u>211,183,720</u>	<u>238,604,898</u>	<u>243,915,385</u>	<u>241,717,967</u>	<u>262,361,583</u>	<u>272,407,413</u>
Plan fiduciary net position - ending	<u>238,604,898</u>	<u>243,915,385</u>	<u>241,717,967</u>	<u>262,361,583</u>	<u>272,407,413</u>	<u>281,833,408</u>
Net pension liability - ending	<u>\$ 98,986,945</u>	<u>\$ 103,052,493</u>	<u>\$ 112,446,084</u>	<u>\$ 97,761,809</u>	<u>\$ 97,257,448</u>	<u>\$ 106,357,956</u>
Plan fiduciary net position as a percentage of total pension liability	<u>71%</u>	<u>70%</u>	<u>68%</u>	<u>73%</u>	<u>74%</u>	<u>73%</u>
Covered payroll	<u>\$ 49,759,064</u>	<u>\$ 50,441,350</u>	<u>\$ 51,326,626</u>	<u>\$ 52,930,961</u>	<u>\$ 54,235,867</u>	<u>\$ 54,656,679</u>
Net pension liability as a percentage of covered payroll	<u>199%</u>	<u>204%</u>	<u>219%</u>	<u>185%</u>	<u>179%</u>	<u>195%</u>

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report. This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, only six years of data is available. Additional years will be included as they become available.

Required Supplementary Information

Schools - Non Professional Employees

Schedule of Changes in Net Pension Liability and Related Ratios

For the Year Ended June 30, 2020

	2014	2015	Plan Year		2018	2019
			2016	2017		
Total Pension Liability						
Service cost	\$ 408,027	\$ 408,652	\$ 390,047	\$ 388,263	\$ 369,905	\$ 363,374
Interest on total pension liability	935,168	975,621	1,013,096	1,012,802	1,013,987	1,047,533
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	(47,318)	(601,120)	(438,840)	(45,578)	(326,795)
Changes in assumptions	-	-	-	(126,476)	-	397,376
Benefit payments, including refunds of employee contribution:	(736,082)	(794,492)	(808,719)	(803,718)	(833,932)	(884,234)
Net change in total pension liability	607,113	542,463	(6,696)	32,031	504,382	597,254
Total pension liability - beginning	<u>13,727,582</u>	<u>14,334,695</u>	<u>14,877,158</u>	<u>14,870,462</u>	<u>14,902,493</u>	<u>15,406,875</u>
Total pension liability - ending	<u>14,334,695</u>	<u>14,877,158</u>	<u>14,870,462</u>	<u>14,902,493</u>	<u>15,406,875</u>	<u>16,004,129</u>
Plan Fiduciary Net Position						
Contributions - employer	382,008	327,719	332,290	228,134	229,132	179,891
Contributions - employee	192,487	183,717	185,375	182,067	183,766	174,448
Net investment income	1,844,193	609,217	236,379	1,651,561	1,096,860	1,024,271
Benefit payments, including refunds of employee contribution:	(736,082)	(794,492)	(808,719)	(803,718)	(833,932)	(884,234)
Administrative expenses	(9,987)	(8,505)	(8,626)	(9,732)	(9,621)	(10,452)
Other	98	(127)	(101)	(1,460)	(969)	(642)
Net change in plan fiduciary net position:	1,672,717	317,529	(63,402)	1,246,852	665,236	483,282
Plan fiduciary net position - beginning	<u>11,769,997</u>	<u>13,442,714</u>	<u>13,760,243</u>	<u>13,696,841</u>	<u>14,943,693</u>	<u>15,608,929</u>
Plan fiduciary net position - ending	<u>13,442,714</u>	<u>13,760,243</u>	<u>13,696,841</u>	<u>14,943,693</u>	<u>15,608,929</u>	<u>16,092,211</u>
Net pension liability - ending	<u>\$ 891,981</u>	<u>\$ 1,116,915</u>	<u>\$ 1,173,621</u>	<u>\$ (41,200)</u>	<u>\$ (202,054)</u>	<u>\$ (88,082)</u>
Plan fiduciary net position as a percentage of total pension liability	<u>94%</u>	<u>92%</u>	<u>92%</u>	<u>100%</u>	<u>101%</u>	<u>101%</u>
Covered payroll	<u>\$ 3,851,034</u>	<u>\$ 3,727,782</u>	<u>\$ 3,613,671</u>	<u>\$ 3,593,865</u>	<u>\$ 3,654,690</u>	<u>\$ 3,837,637</u>
Net pension liability as a percentage of covered payroll	<u>23%</u>	<u>30%</u>	<u>32%</u>	<u>-1%</u>	<u>-6%</u>	<u>-2%</u>

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report. This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

Required Supplementary Information
Schedule of Pension Contributions
For the Year Ended June 30, 2020

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2020	\$ 10,870,219	\$ 10,870,219	\$ -	\$ 56,091,908	19.38%
2019	\$ 10,377,528	\$ 10,377,528	\$ -	\$ 54,656,679	18.99%
2018	\$ 10,288,625	\$ 10,288,625	\$ -	\$ 54,235,867	18.97%
2017	\$ 9,920,997	\$ 9,920,997	\$ -	\$ 52,930,961	18.74%
2016	\$ 10,951,053	\$ 10,951,053	\$ -	\$ 51,326,626	21.34%
2015	\$ 10,728,502	\$ 10,728,502	\$ -	\$ 50,441,350	21.27%
Schools - Nonprofessional Employees					
2020	\$ 192,396	\$ 192,396	\$ -	\$ 3,971,969	4.84%
2019	\$ 179,891	\$ 179,891	\$ -	\$ 3,654,690	4.92%
2018	\$ 229,094	\$ 229,094	\$ -	\$ 3,593,865	6.37%
2017	\$ 235,433	\$ 235,433	\$ -	\$ 3,613,671	6.52%
2016	\$ 340,611	\$ 340,611	\$ -	\$ 3,727,782	9.14%
2015	\$ 330,294	\$ 330,294	\$ -	\$ 3,851,034	8.58%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only six years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

Required Supplementary Information**Schedule of Employer's Share of Net Pension Liability****VRS Teacher Retirement Plan****For the Year Ended June 30, 2020**

School Division Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.65%	\$ 82,501,054	\$ 56,477,224	146.08%	73.51%
2019	0.69%	\$ 80,732,000	\$ 51,957,981	155.38%	74.81%
2018	0.71%	\$ 87,249,000	\$ 53,894,780	161.89%	72.92%
2017	0.73%	\$ 102,102,000	\$ 53,942,322	189.28%	68.28%
2016	0.71%	\$ 88,962,000	\$ 50,669,701	175.57%	70.68%
2015	0.70%	\$ 84,602,000	\$ 51,468,623	164.38%	70.88%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only six years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the School Division's fiscal year.

Required Supplementary Information**Schedule of Pension Contributions****VRS Teacher Retirement Plan****For the Year Ended June 30, 2020**

School Division Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 8,469,585	\$ 8,469,585	\$ -	\$ 56,477,224	15.00%
2019	\$ 8,313,426	\$ 8,313,426	\$ -	\$ 51,957,981	16.00%
2018	\$ 8,869,387	\$ 8,869,387	\$ -	\$ 53,894,780	16.46%
2017	\$ 8,261,471	\$ 8,261,471	\$ -	\$ 53,942,322	15.32%
2016	\$ 7,972,259	\$ 7,972,259	\$ -	\$ 50,669,701	15.73%
2015	\$ 7,458,200	\$ 7,458,200	\$ -	\$ 51,468,623	14.49%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only six years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the school division's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

Required Supplementary Information

Primary Government

Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios

For the Year Ended June 30, 2020

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Total OPEB Liability			
Service cost	\$ 350,020	\$ 360,521	\$ 371,336
Interest on OPEB liability	3,559,674	2,771,030	2,600,222
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(24,181,307)	-	(38,403,363)
Changes in assumptions	(697,398)	5,999,406	2,100,461
Benefit payments, including refunds of member contributions	(2,632,827)	(2,333,984)	(2,898,368)
Net change in total OPEB liability	(23,601,838)	6,796,973	(36,229,712)
Total OPEB liability - beginning	<u>100,945,728</u>	<u>77,343,890</u>	<u>84,140,863</u>
Total OPEB liability - ending	<u>\$ 77,343,890</u>	<u>\$ 84,140,863</u>	<u>\$ 47,911,151</u>
Covered employee payroll	<u>\$ 55,870,874</u>	<u>\$ 60,897,864</u>	<u>\$ 63,032,343</u>
Net OPEB liability as a percentage of covered employee payroll	<u>138.4%</u>	<u>138.2%</u>	<u>76.0%</u>

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only three years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

Required Supplementary Information

Lynchburg City Schools

Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios

For the Year Ended June 30, 2020

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Total OPEB Liability			
Service cost	\$ 629,101	\$ 523,630	\$ 858,868
Interest on OPEB liability	271,525	253,909	424,127
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(2,319,827)	3,458,793	-
Changes in assumptions	(638,060)	(310,331)	439,283
Benefit payments, including refunds of member contributions	(175,271)	(368,838)	(419,802)
Net change in total OPEB liability	(2,232,532)	3,557,163	1,302,476
Total OPEB liability - beginning	8,985,748	6,753,216	10,310,379
Total OPEB liability - ending	6,753,216	10,310,379	11,612,855
Covered employee payroll	\$ 61,142,865	\$ 61,045,540	\$ 61,045,540
Net OPEB liability as a percentage of covered employee payroll	11.0%	16.9%	19.0%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only three years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

Required Supplementary Information

Primary Government

Schedule of Changes in Net OPEB for Line of Duty Act (LODA)

For the Year Ended June 30, 2020

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Total OPEB Liability			
Service cost	\$ 163,599	\$ 168,507	\$ 173,562
Interest on OPEB liability	287,149	294,269	281,173
Changes in benefit terms	-	-	-
Difference between expected and actual experience	-	-	(3,213,464)
Changes in assumptions	-	634,614	1,192,943
Benefit payments, including refunds of member contributions	(250,836)	(267,213)	(228,753)
Net change in total OPEB liability	199,912	830,177	(1,794,539)
Total OPEB liability - beginning	<u>7,892,993</u>	<u>8,092,905</u>	<u>8,923,082</u>
Total OPEB liability - ending	<u>\$ 8,092,905</u>	<u>\$ 8,923,082</u>	<u>\$ 7,128,543</u>
Covered employee payroll	<u>\$ 18,941,025</u>	<u>\$ 21,770,826</u>	<u>\$ 20,775,959</u>
Net OPEB liability as a percentage of covered employee payroll	<u>42.7%</u>	<u>41.0%</u>	<u>34.3%</u>

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only three years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

Required Supplementary Information
Schedule of OPEB Contributions Group Life Insurance
For the Year Ended June 30, 2020

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government						
2020	\$ 303,560	\$ 303,560	\$ -	\$ 56,091,908	0.54%	0.00%
2019	\$ 290,819	\$ 290,819	\$ -	\$ 54,656,679	0.53%	0.00%
2018	\$ 279,734	\$ 279,734	\$ -	\$ 54,235,867	0.52%	0.00%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only three years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

Required Supplementary Information**Schedule of OPEB Contributions Group Life Insurance - Schools General Employees****For the Year Ended June 30, 2020**

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Schools General Employees					
2020	\$ 20,871	\$ 20,871	\$ -	\$ 3,666,419	0.57%
2019	\$ 19,912	\$ 19,912	\$ -	\$ 3,983,065	0.50%
2018	\$ 20,062	\$ 20,062	\$ -	\$ 3,617,185	0.55%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only three years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

Required Supplementary Information**Schedule of OPEB Contributions Group Life Insurance - School Teachers****For the Year Ended June 30, 2020**

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Schools Teachers					
2020	\$ 296,299	\$ 296,299	\$ -	\$ 54,925,031	0.54%
2019	\$ 288,302	\$ 288,302	\$ -	\$ 55,019,401	0.52%
2018	\$ 293,909	\$ 293,909	\$ -	\$ 52,992,834	0.55%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only three years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

Required Supplementary Information**Schedule of OPEB Contributions for Health Insurance Credit - School Teachers****For the Year Ended June 30, 2020**

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
School Teachers					
2020	\$ 677,727	\$ 677,727	\$ -	\$ 55,019,401	1.23%
2019	\$ 659,100	\$ 659,100	\$ -	\$ 54,925,031	1.20%
2018	\$ 688,326	\$ 688,326	\$ -	\$ 53,104,064	1.30%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only three years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

Required Supplementary Information**Schedule of Employer's Share of Net OPEB Liability - Group Life Insurance****City of Lynchburg****For the Year Ended June 30, 2020**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Primary Government					
2020	0.28214%	\$ 4,591,169	\$ 56,091,908	8.19%	52.00%
2019	0.28865%	\$ 4,384,000	\$ 54,656,679	8.02%	51.22%
2018	0.29164%	\$ 4,388,000	\$ 54,235,867	8.09%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only three years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

Required Supplementary Information**Schedule of Employer's Share of Net OPEB Liability Group Life Insurance - Schools General Employees****Lynchburg City Schools****For the Year Ended June 30, 2020**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Schools General Employees					
2020	0.01870%	\$ 304,000	\$ 3,983,065	7.63%	52.00%
2019	0.02014%	\$ 306,000	\$ 3,666,419	8.35%	51.22%
2018	0.02039%	\$ 307,000	\$ 3,617,185	8.49%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only three years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

Required Supplementary Information**Schedule of Employer's Share of Net OPEB Liability Group Life Insurance - School Teachers****Lynchburg City Schools****For the Year Ended June 30, 2020**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
School Teachers					
2020	0.29000%	\$ 4,567,000	\$ 56,545,628	8.08%	52.00%
2019	0.29500%	\$ 4,481,000	\$ 55,019,401	8.14%	51.22%
2018	0.30644%	\$ 4,612,000	\$ 52,992,834	8.70%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only three years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

Required Supplementary Information**Schedule of Employer's Share of Net OPEB Liability Health Insurance Credit - School Teachers****Lynchburg City Schools****For the Year Ended June 30, 2020**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
School Teachers					
2020	0.65486%	\$ 8,573,000	\$ 56,477,224	15.18%	8.97%
2019	0.69210%	\$ 8,787,000	\$ 54,925,031	16.00%	8.08%
2018	0.71414%	\$ 9,060,000	\$ 53,104,064	17.06%	7.04%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only three years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

CITY OF LYNCHBURG, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System ("System") benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and LODA OPEB

(Continued)

CITY OF LYNCHBURG, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

Note 2. Changes of Assumptions (Continued)

All Others (Non 10 Largest) – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and LODA OPEB

Teacher cost-sharing pool

- Update mortality table to RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each year age and service through 9 years of service
- Update disability rates to better fit experience
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

OTHER SUPPLEMENTAL INFORMATION

CITY OF LYNCHBURG, VIRGINIA

Notes to Combining and Individual Fund Statements and Schedules – Nonmajor Governmental Funds

Nonmajor Governmental Funds:

Nonmajor governmental funds consist of special revenue funds.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Funds in this category include:

- City Federal/State Aid Fund – Accounts for various federal and state grants for such purposes as building projects, certain social service and community development programs, and public safety.
- Community Development Block Grant Fund – Accounts for revenues from the Department of Housing and Urban Development which are used for various development projects.
- Lynchburg Business Development Centre Fund – Accounts for revenues received to support a local business incubator and for monies received from the Economic Development Administration for a revolving loan fund and certain other economic development assistance.
- Lynchburg Regional Juvenile Detention Center Fund – Accounts for revenues received and expenditures made to support the operations of the City's Juvenile Detention Home.
- Forfeited Assets Fund – Accounts for revenues received from the sale of confiscated assets which are related to illegal drug sales and are used for law enforcement expenditures.
- Lynchburg Expressway Appearance Fund – Accounts for the revenues and expenditures associated with beautification of the Lynchburg Expressway Area.
- Children's Services Act Fund – Accounts for revenues received and expenditures made to support the Children's Services Act for At-Risk Youth and Families adopted by the Virginia General Assembly.
- Home Investment Partnerships Program Fund – Accounts for revenues received from the Department of Housing and Urban Development for support of affordable housing needs in the City.

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	City Federal State Aid	Community Development Block Grant	Lynchburg Business Development Centre	Forfeited Assets	Children's Services Act
Assets					
Cash and cash equivalents	\$ 6,703,207	\$ 1,450,693	\$ 171	\$ 169,280	\$ 122,343
Receivables, net of allowance:					
Other	6,798	1,800	-	-	9,170
Due from other funds	263,378	-	-	-	-
Due from other governments	270,501	84,907	-	-	1,196,783
Due from component unit	-	-	125,000	-	-
Other assets	-	-	213	-	-
Restricted assets:					
Cash and cash equivalents	583,947	-	-	-	-
Total assets	<u>\$ 7,827,831</u>	<u>\$ 1,537,400</u>	<u>\$ 125,384</u>	<u>\$ 169,280</u>	<u>\$ 1,328,296</u>
Liabilities					
Accounts payable and other liabilities	\$ 79,543	\$ 62,680	\$ -	\$ 3,535	\$ 1,117,109
Accrued payroll and related liabilities	72,716	4,737	-	-	2,507
Due to other funds	403,212	17,490	-	-	767
Due to other governments	47,391	-	-	-	-
Total liabilities	<u>602,862</u>	<u>84,907</u>	<u>-</u>	<u>3,535</u>	<u>1,120,383</u>
Deferred Inflows of Resources					
Unavailable revenue	6,700,844	1,800	-	-	-
Total deferred inflows of resources	<u>6,700,844</u>	<u>1,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted	524,125	1,450,693	-	165,745	207,913
Committed	-	-	125,384	-	-
Total fund balances	<u>524,125</u>	<u>1,450,693</u>	<u>125,384</u>	<u>165,745</u>	<u>207,913</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,827,831</u>	<u>\$ 1,537,400</u>	<u>\$ 125,384</u>	<u>\$ 169,280</u>	<u>\$ 1,328,296</u>

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	Lynchburg Expressway Appearance	HOME Investment Partnerships Program	Lynchburg Regional Juvenile Detention Center	Total Nonmajor Special Revenue
Assets				
Cash and cash equivalents	\$ 233,120	\$ 60,386	\$ 47,923	\$ 8,787,123
Receivables, net of allowance:				
Other	96,134	-	-	113,902
Due from other funds	-	-	7,416	270,794
Due from other governments	-	41,475	86,042	1,679,708
Due from component unit	-	-	-	125,000
Other assets	-	-	-	213
Restricted assets:				
Cash and cash equivalents	-	-	-	583,947
Total assets	<u>\$ 329,254</u>	<u>\$ 101,861</u>	<u>\$ 141,381</u>	<u>\$ 11,560,687</u>
Liabilities				
Accounts payable and other liabilities	\$ -	\$ 20,800	\$ 16,645	\$ 1,300,312
Accrued payroll and related liabilities	-	877	94,332	175,169
Due to other funds	-	19,798	30,404	471,671
Due to other governments	-	-	-	47,391
Total liabilities	<u>-</u>	<u>41,475</u>	<u>141,381</u>	<u>1,994,543</u>
Deferred Inflows of Resources				
Unavailable revenue	183,196	-	-	6,885,840
Total deferred inflows of resources	<u>183,196</u>	<u>-</u>	<u>-</u>	<u>6,885,840</u>
Fund Balances				
Restricted	146,058	60,386	-	2,554,920
Committed	-	-	-	125,384
Total fund balances	<u>146,058</u>	<u>60,386</u>	<u>-</u>	<u>2,680,304</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 329,254</u>	<u>\$ 101,861</u>	<u>\$ 141,381</u>	<u>\$ 11,560,687</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2020

	City Federal State Aid	Community Development Block Grant	Lynchburg Business Development Centre	Forfeited Assets	Children's Services Act
Revenues					
Intergovernmental	\$ 3,948,165	\$ 792,676	\$ -	\$ 40,751	\$ 4,920,106
Revenue from use of money and property	2,363	-	32,378	3,040	-
Charges for services	646,150	-	-	-	2,040,780
Miscellaneous	98,766	-	-	-	45,676
Total revenues	<u>4,695,444</u>	<u>792,676</u>	<u>32,378</u>	<u>43,791</u>	<u>7,006,562</u>
Expenditures					
Current operating expenditures:					
General government	31,116	-	-	-	-
Judicial	1,104,446	-	-	24,272	-
Public safety	1,696,035	-	-	60,073	-
Public works	396,016	-	-	-	-
Health and human services	1,426,070	-	-	-	7,147,082
Cultural and recreational	4,419	-	-	-	-
Community development	247,083	792,676	32,378	-	-
Debt service:					
Principal retirements	-	-	-	-	-
Interest payments and other fiscal charges	-	-	-	-	-
Total expenditures	<u>4,905,185</u>	<u>792,676</u>	<u>32,378</u>	<u>84,345</u>	<u>7,147,082</u>
Excess (deficiency) of revenues over expenditures	<u>(209,741)</u>	<u>-</u>	<u>-</u>	<u>(40,554)</u>	<u>(140,520)</u>
Other financing sources					
Transfers in	323,686	-	-	-	-
Transfers out	-	-	-	-	(245,301)
Total other financing sources	<u>323,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(245,301)</u>
Net changes in fund balances	113,945	-	-	(40,554)	(385,821)
Fund balances - beginning	<u>410,180</u>	<u>1,450,693</u>	<u>125,384</u>	<u>206,299</u>	<u>593,734</u>
Fund balances - ending	<u>\$ 524,125</u>	<u>\$ 1,450,693</u>	<u>\$ 125,384</u>	<u>\$ 165,745</u>	<u>\$ 207,913</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2020

	Lynchburg Expressway Appearance	HOME Investment Partnerships Program	Lynchburg Regional Juvenile Detention Center	Total Nonmajor Special Revenue
Revenues				
Intergovernmental	\$ -	\$ 183,724	\$ 1,975,234	\$ 11,860,656
Revenue from use of money and property	-	-	-	37,781
Charges for services	-	29,295	1,050,224	3,766,449
Miscellaneous	7,298	27,364	2,850	181,954
Total revenues	<u>7,298</u>	<u>240,383</u>	<u>3,028,308</u>	<u>15,846,840</u>
Expenditures				
Current operating expenditures:				
General government	-	-	5,301	36,417
Judicial	-	-	-	1,128,718
Public safety	-	-	3,012,009	4,768,117
Public works	36,967	-	-	432,983
Health and human services	-	-	-	8,573,152
Cultural and recreational	-	-	-	4,419
Community development	-	183,724	-	1,255,861
Debt service:				
Principal retirements	-	-	30,555	30,555
Interest payments and other fiscal charges	-	-	2,771	2,771
Total expenditures	<u>36,967</u>	<u>183,724</u>	<u>3,050,636</u>	<u>16,232,993</u>
Excess (deficiency) of revenues over expenditures	<u>(29,669)</u>	<u>56,659</u>	<u>(22,328)</u>	<u>(386,153)</u>
Other financing sources				
Transfers in	-	-	-	323,686
Transfers out	-	-	(100,000)	(345,301)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(21,615)</u>
Net changes in fund balance	<u>(29,669)</u>	<u>56,659</u>	<u>(122,328)</u>	<u>(407,768)</u>
Fund balances - beginning	<u>175,727</u>	<u>3,727</u>	<u>122,328</u>	<u>3,088,072</u>
Fund balances - ending	<u>\$ 146,058</u>	<u>\$ 60,386</u>	<u>\$ -</u>	<u>\$ 2,680,304</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City/Federal/State Aid Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 3,139,333	\$ 12,357,738	\$ 3,948,165	\$ (8,409,573)
Revenue from use of money and property	-	-	2,363	2,363
Charges for services	654,049	676,872	646,150	(30,722)
Miscellaneous	59,248	112,690	98,766	(13,924)
Total revenues	<u>3,852,630</u>	<u>13,147,300</u>	<u>4,695,444</u>	<u>(8,451,856)</u>
Expenditures				
Current operating expenditures:				
General government	-	1,152,666	31,116	1,121,550
Judicial	1,107,941	1,362,301	1,104,446	257,855
Public safety	971,129	3,332,051	1,696,035	1,636,016
Public works	-	1,256,711	396,016	860,695
Health and human services	1,690,100	1,736,276	1,426,070	310,206
Cultural and recreational	-	270,801	4,419	266,382
Community development	192,891	2,623,262	247,083	2,376,179
Education	-	2,007,444	-	2,007,444
Total expenditures	<u>3,962,061</u>	<u>13,741,512</u>	<u>4,905,185</u>	<u>8,836,327</u>
Deficiency of revenues over expenditures	<u>(109,431)</u>	<u>(594,212)</u>	<u>(209,741)</u>	<u>384,471</u>
Other financing sources				
Transfers in	109,431	346,948	323,686	(23,262)
Total other financing sources	<u>109,431</u>	<u>346,948</u>	<u>323,686</u>	<u>(23,262)</u>
Net changes in fund balance	-	(247,264)	113,945	361,209
Fund balance - beginning	<u>410,180</u>	<u>410,180</u>	<u>410,180</u>	<u>-</u>
Fund balance - ending	<u>\$ 410,180</u>	<u>\$ 162,916</u>	<u>\$ 524,125</u>	<u>\$ 361,209</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 733,913	\$ 2,122,332	\$ 792,676	\$ (1,329,656)
Miscellaneous	2,100	-	-	-
Total revenues	<u>736,013</u>	<u>2,122,332</u>	<u>792,676</u>	<u>(1,329,656)</u>
Expenditures				
Current operating expenditures:				
Community development	736,013	1,855,660	792,676	1,062,984
Total expenditures	<u>736,013</u>	<u>1,855,660</u>	<u>792,676</u>	<u>1,062,984</u>
Net changes in fund balance	-	266,672	-	(266,672)
Fund balance - beginning	<u>1,450,693</u>	<u>1,450,693</u>	<u>1,450,693</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,450,693</u>	<u>\$ 1,717,365</u>	<u>\$ 1,450,693</u>	<u>\$ (266,672)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Forfeited Assets Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ -	\$ -	\$ 40,751	\$ 40,751
Revenue from use of money and property	-	-	3,040	3,040
Total revenues	-	-	43,791	43,791
Expenditures				
Current operating expenditures:				
Judicial	-	105,575	24,272	81,303
Public safety	-	99,518	60,073	39,445
Total expenditures	-	205,093	84,345	120,748
Net changes in fund balance	-	(205,093)	(40,554)	164,539
Fund balance - beginning	206,299	206,299	206,299	-
Fund balance - ending	<u>\$ 206,299</u>	<u>\$ 1,206</u>	<u>\$ 165,745</u>	<u>\$ 164,539</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Children's Services Act Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 3,910,234	\$ 4,745,495	\$ 4,920,106	\$ 174,611
Charges for services	2,040,188	2,040,188	2,040,780	592
Miscellaneous	48,600	48,600	45,676	(2,924)
Total revenues	<u>5,999,022</u>	<u>6,834,283</u>	<u>7,006,562</u>	<u>172,279</u>
Expenditures				
Current operating expenditures:				
Health and human services	5,999,022	7,161,022	7,147,082	13,940
Total expenditures	<u>5,999,022</u>	<u>7,161,022</u>	<u>7,147,082</u>	<u>13,940</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>(326,739)</u>	<u>(140,520)</u>	<u>186,219</u>
Other financing sources (uses)				
Transfers out	-	(245,301)	(245,301)	-
Total other financing sources (uses)	<u>-</u>	<u>(245,301)</u>	<u>(245,301)</u>	<u>-</u>
Net changes in fund balance	<u>-</u>	<u>(572,040)</u>	<u>(385,821)</u>	<u>186,219</u>
Fund balance - beginning	<u>593,734</u>	<u>593,734</u>	<u>593,734</u>	<u>-</u>
Fund balance - ending	<u>\$ 593,734</u>	<u>\$ 21,694</u>	<u>\$ 207,913</u>	<u>\$ 186,219</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Lynchburg Expressway Appearance Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Miscellaneous	\$ -	\$ -	\$ 7,298	\$ 7,298
Total revenues	<u>-</u>	<u>-</u>	<u>7,298</u>	<u>7,298</u>
Expenditures				
Current operating expenditures:				
Public works	<u>75,000</u>	<u>75,000</u>	<u>36,967</u>	<u>38,033</u>
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>36,967</u>	<u>38,033</u>
Net changes in fund balance	(75,000)	(75,000)	(29,669)	45,331
Fund balance - beginning	<u>175,727</u>	<u>175,727</u>	<u>175,727</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 100,727</u></u>	<u><u>\$ 100,727</u></u>	<u><u>\$ 146,058</u></u>	<u><u>\$ 45,331</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
HOME Investment Partnerships Program Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 438,772	\$ 958,104	\$ 183,724	\$ (774,380)
Charges for Services	-	-	29,295	29,295
Miscellaneous	-	-	27,364	27,364
Total revenues	<u>438,772</u>	<u>958,104</u>	<u>240,383</u>	<u>(717,721)</u>
Expenditures				
Current operating expenditures:				
Community development	<u>438,772</u>	<u>986,186</u>	<u>183,724</u>	<u>802,462</u>
Total expenditures	<u>438,772</u>	<u>986,186</u>	<u>183,724</u>	<u>802,462</u>
Net changes in fund balance	-	(28,082)	56,659	84,741
Fund balance - beginning	<u>3,727</u>	<u>3,727</u>	<u>3,727</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ 3,727</u>	<u>\$ (24,355)</u>	<u>\$ 60,386</u>	<u>\$ 84,741</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Lynchburg Regional Juvenile Detention Center Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,816,136	\$ 1,982,814	\$ 1,975,234	\$ (7,580)
Charges for services	1,067,476	1,179,941	1,050,224	(129,717)
Miscellaneous	-	-	2,850	2,850
Total revenues	<u>2,883,612</u>	<u>3,162,755</u>	<u>3,028,308</u>	<u>(134,447)</u>
Expenditures				
Current operating expenditures:				
General government	4,914	5,301	5,301	-
Public safety	2,845,372	3,157,367	3,012,009	145,358
Debt service:				
Principal retirements	30,555	30,555	30,555	-
Interest payments and other fiscal charges	2,771	2,771	2,771	-
Total expenditures	<u>2,883,612</u>	<u>3,195,994</u>	<u>3,050,636</u>	<u>145,358</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>(33,239)</u>	<u>(22,328)</u>	<u>10,911</u>
Other financing sources (uses)				
Transfers out	-	(100,000)	(100,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net changes in fund balance	<u>-</u>	<u>(133,239)</u>	<u>(122,328)</u>	<u>10,911</u>
Fund balance - beginning	<u>122,328</u>	<u>122,328</u>	<u>122,328</u>	<u>-</u>
Fund balance (deficit)- ending	<u>\$ 122,328</u>	<u>\$ (10,911)</u>	<u>\$ -</u>	<u>\$ 10,911</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Capital Projects
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 14,163,305	\$ 32,181,774	\$ 7,405,016	\$ (24,776,758)
Revenue from use of money and property	-	29,014	11,361	(17,653)
Miscellaneous	-	1,546,178	55,372	(1,490,806)
Total revenues	<u>14,163,305</u>	<u>33,756,966</u>	<u>7,471,749</u>	<u>(26,285,217)</u>
Expenditures				
Current operating expenditures:				
Public works	4,995,000	10,838,207	3,957,238	6,880,969
Cultural and recreational	430,000	661,446	168,002	493,444
Community development	250,000	1,769,862	251,478	1,518,384
Capital outlay:				
Capital general government	55,139,082	71,897,537	16,185,698	55,711,839
Debt service:				
Issuance costs	-	365,645	365,645	-
Total expenditures	<u>60,814,082</u>	<u>85,532,697</u>	<u>20,928,061</u>	<u>64,604,636</u>
Deficiency of revenues over expenditures	<u>(46,650,777)</u>	<u>(51,775,731)</u>	<u>(13,456,312)</u>	<u>38,319,419</u>
Other financing sources (uses)				
Issuance of bonds	41,665,869	58,178,125	31,642,195	(26,535,930)
Premium on debt issuance	-	3,051,655	3,051,655	-
Transfers in	4,984,908	5,084,908	5,084,908	-
Transfers out	-	(29,607)	(29,607)	-
Total other financing sources (uses)	<u>46,650,777</u>	<u>66,285,081</u>	<u>39,749,151</u>	<u>(26,535,930)</u>
Net changes in fund balance	-	14,509,350	26,292,839	11,783,489
Fund balance - beginning	<u>15,834,503</u>	<u>15,834,503</u>	<u>15,834,503</u>	<u>-</u>
Fund balance - ending	<u>\$ 15,834,503</u>	<u>\$ 30,343,853</u>	<u>\$ 42,127,342</u>	<u>\$ 11,783,489</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
School Capital Projects
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Revenue from use of money and property	\$ -	\$ -	\$ 46,693	\$ 46,693
Miscellaneous	-	-	10,560	10,560
Total revenues	<u>-</u>	<u>-</u>	<u>57,253</u>	<u>57,253</u>
Expenditures				
Current operating expenditures:				
Education	436,000	31,636	11,710	19,926
Capital outlay:				
Capital general government	2,250,000	9,635,446	3,912,432	5,723,014
Debt service				
Issuance costs	-	4,465	4,465	-
Total expenditures	<u>2,686,000</u>	<u>9,671,547</u>	<u>3,928,607</u>	<u>5,742,940</u>
Deficiency of revenues over expenditures	<u>(2,686,000)</u>	<u>(9,671,547)</u>	<u>(3,871,354)</u>	<u>5,800,193</u>
Other financing sources				
Issuance of bonds	2,686,000	6,845,398	3,150,717	(3,694,681)
Premium on debt proceeds	-	45,672	45,671	(1)
Transfers in	-	1,661,914	1,661,914	-
Total other financing sources	<u>2,686,000</u>	<u>8,552,984</u>	<u>4,858,302</u>	<u>(3,694,682)</u>
Net changes in fund balance	-	(1,118,563)	986,948	2,105,511
Fund balance - beginning	<u>2,291,444</u>	<u>2,291,444</u>	<u>2,291,444</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,291,444</u>	<u>\$ 1,172,881</u>	<u>\$ 3,278,392</u>	<u>\$ 2,105,511</u>

Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<u>Special Welfare</u>				
Assets				
Cash and cash equivalents	\$ 191,733	\$ 175,722	\$ 145,650	\$ 221,805
Total Assets	<u>\$ 191,733</u>	<u>\$ 175,722</u>	<u>\$ 145,650</u>	<u>\$ 221,805</u>
Liabilities				
Accounts payable	\$ 5,651	\$ 21,466	\$ 26,206	\$ 911
Amounts held for others	<u>186,082</u>	<u>245,592</u>	<u>210,780</u>	<u>220,894</u>
Total Liabilities	<u>\$ 191,733</u>	<u>\$ 267,058</u>	<u>\$ 236,986</u>	<u>\$ 221,805</u>

Discretely Presented Component Unit - Lynchburg City Schools
Combining Balance Sheet
June 30, 2020

	School Operating	School Federal Aid	School Cafeteria	Total Governmental
Assets				
Cash and cash equivalents	\$ 1,766,228	\$ -	\$ 1,357,992	\$ 3,124,220
Receivables, net of allowance	152,850	-	290,593	443,443
Due from other funds	532,090	-	1,112	533,202
Due from other governments	2,454,952	1,324,398	-	3,779,350
Due from primary government- local funding	8,000,000	-	-	8,000,000
Prepaid expenses	194,099	-	-	194,099
Inventory	-	-	203,215	203,215
Total assets	\$ 13,100,219	\$ 1,324,398	\$ 1,852,912	\$ 16,277,529
Liabilities				
Accounts payable and other liabilities	\$ 554,804	\$ 7,037	\$ 8,234	\$ 570,075
Accrued payroll and related liabilities	6,102,472	553,021	187,275	6,842,768
Due to other funds	1,112	527,405	4,685	533,202
Unearned revenue	-	236,935	-	236,935
Due to primary government- return of local funding	4,107,119	-	-	4,107,119
Due to primary government- other	76,065	-	-	76,065
Total liabilities	10,841,572	1,324,398	200,194	12,366,164
Deferred Inflows of Resources				
Unavailable revenue	636,380	-	-	636,380
Total deferred inflows of resources	636,380	-	-	636,380
Fund balances				
Nonspendable:				
Prepaid expenses	194,099	-	-	194,099
Inventory	-	-	203,215	203,215
Restricted for:				
Education	-	-	1,449,503	1,449,503
Committed for:				
Education	1,428,168	-	-	1,428,168
Total fund balances	1,622,267	-	1,652,718	3,274,985
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,100,219	\$ 1,324,398	\$ 1,852,912	
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				6,734,298
Receivables on the Statement of Net Position that do not provide current financial resources are reported as unavailable revenue in the funds.				636,380
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.				
Deferred outflows related to:				
Pensions			17,597,366	
Other postemployment benefits			4,579,387	
Deferred inflows related to:				
Pensions			(14,267,335)	
Other postemployment benefits			(3,154,116)	
Net pension liability			(82,501,054)	
Other postemployment benefits			(24,418,376)	(102,164,128)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(1,126,630)
Net position of governmental activities				<u>\$ (92,645,095)</u>

Discretely Presented Component Unit - Lynchburg City Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2020

	<u>School Operating</u>	<u>School Federal Aid</u>	<u>School Cafeteria</u>	<u>Total Governmental</u>
Revenues				
Intergovernmental:				
State and Federal	\$ 53,404,537	\$ 10,466,727	\$ 4,800,137	\$ 68,671,401
City of Lynchburg	37,411,557	-	-	37,411,557
Charges for services	2,706,961	-	252,657	2,959,618
Miscellaneous	1,432,973	65,462	116,559	1,614,994
Total revenues	<u>94,956,028</u>	<u>10,532,189</u>	<u>5,169,353</u>	<u>110,657,570</u>
Expenditures				
Education:				
Instruction	68,039,938	9,460,027	-	77,499,965
Administration, attendance and health	5,953,847	117,007	-	6,070,854
Pupil transportation services	5,322,011	1,221	-	5,323,232
Operations and maintenance	10,554,930	130,010	-	10,684,940
Food service and other	8,986	157,437	5,075,914	5,242,337
Facilities	18,434	-	-	18,434
Technology	3,748,479	46,620	-	3,795,099
Capital outlay	1,070,693	619,867	81,498	1,772,058
Total expenditures	<u>94,717,318</u>	<u>10,532,189</u>	<u>5,157,412</u>	<u>110,406,919</u>
Net changes in fund balances	238,710	-	11,941	250,651
Fund balances - beginning	<u>1,383,557</u>	<u>-</u>	<u>1,640,777</u>	
Fund balances - ending	<u>\$ 1,622,267</u>	<u>\$ -</u>	<u>\$ 1,652,718</u>	

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$1,091,789) exceeded depreciation expense (\$1,377,298).	(285,509)
Loss on disposition of capital assets is not reflected in the fund statements.	(10,535)
Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense.	
Employer pension contributions	8,369,033
Pension expense	(8,063,947)
Governmental funds report other postemployment benefit contributions as expenditures. However, in the Statement of Activities the cost of these benefits earned net of employee contributions is reported as other postemployment benefit expense.	
Employer other postemployment contributions	1,103,394
Other postemployment expense	(1,993,571)
Compensated absences are not due and payable at June 30, and therefore are not reported in the fund statements.	(139,575)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(225,451)
Change in net position of governmental activities.	<u>\$ (995,510)</u>

Discretely Presented Component Unit - Lynchburg City Schools
School Operating Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental:				
State and Federal	\$ 53,046,381	\$ 53,046,381	\$ 53,404,537	\$ 358,156
City of Lynchburg	42,028,498	43,018,676	41,518,676	(1,500,000)
Charges for services	2,768,908	2,768,908	2,706,961	(61,947)
Miscellaneous	909,174	1,783,999	1,432,973	(351,026)
Total revenues	98,752,961	100,617,964	99,063,147	(1,554,817)
Expenditures				
Education:				
Instruction	69,940,325	70,144,605	68,039,938	2,104,667
Administration, attendance and health	6,603,174	6,697,331	5,953,847	743,484
Pupil transportation services	6,465,164	6,418,636	5,322,011	1,096,625
Operations and maintenance	10,898,159	11,155,592	10,554,930	600,662
Food service and other	21,555	21,555	8,986	12,569
Facilities	17,875	17,769	18,434	(665)
Technology	3,534,520	4,098,989	3,748,479	350,510
Capital outlay	1,272,189	2,063,487	1,070,693	992,794
Total expenditures	98,752,961	100,617,964	94,717,318	5,900,646
Net changes in fund balances	\$ -	\$ -	4,345,829	\$ 4,345,829
Less return of funds to the City			(4,107,119)	
			\$ 238,710	

Discretely Presented Component Unit - Lynchburg City Schools
Combining Statement of Fiduciary Net Position
For the Year Ended June 30, 2020

	<u>Total Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 832,836
Receivables, net of allowance	52,000
Prepaid expenses	<u>8,877</u>
Total Assets	<u>\$ 893,713</u>
Liabilities	
Amounts held for others	<u>\$ 893,713</u>
Total Liabilities	<u>\$ 893,713</u>

Discretely Presented Component Unit - Lynchburg City Schools
Statement of Fiduciary Net Position
June 30, 2020

	Governor's School	STEM	Step with Links	GLCT- Step with Links	Total
Assets					
Cash and cash equivalents	\$ 450,732	\$ 103,118	\$ 54,532	\$ 224,454	\$ 832,836
Receivables, net of allowance	52,000	-	-	-	52,000
Prepaid expenses	8,877	-	-	-	8,877
Total assets	\$ 511,609	\$ 103,118	\$ 54,532	\$ 224,454	\$ 893,713
Liabilities					
Amounts held for others	\$ 511,609	\$ 103,118	\$ 54,532	\$ 224,454	\$ 893,713
Total liabilities	\$ 511,609	\$ 103,118	\$ 54,532	\$ 224,454	\$ 893,713

Combining Statement of Net Position
Other Component Units
June 30, 2020

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 767,023	\$ 584,389	\$ 1,351,412
Receivables, net of allowance	1,204,014	33,546	1,237,560
Due from other governments	-	693,474	693,474
Inventory	-	293,416	293,416
Prepays and other assets	439	198,155	198,594
Capital assets:			
Nondepreciable	-	1,669,530	1,669,530
Depreciable, net	437	32,464,118	32,464,555
Total assets	<u>1,971,913</u>	<u>35,936,628</u>	<u>37,908,541</u>
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	-	64,588	64,588
Total deferred inflows of resources	<u>-</u>	<u>64,588</u>	<u>64,588</u>
Liabilities			
Current liabilities:			
Accounts payable and other liabilities	76,752	450,714	527,466
Due to other governments	1,271,060	-	1,271,060
Due to primary government	125,000	420,922	545,922
Total current liabilities	<u>1,472,812</u>	<u>871,636</u>	<u>2,344,448</u>
Noncurrent liabilities:			
Net other postemployment benefit liability	-	648,234	648,234
Compensated absences	-	96,935	96,935
Total noncurrent liabilities	<u>-</u>	<u>745,169</u>	<u>745,169</u>
Total liabilities	<u>1,472,812</u>	<u>1,616,805</u>	<u>3,089,617</u>
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	-	750	750
Total deferred inflows of resources	<u>-</u>	<u>750</u>	<u>750</u>
Net position			
Net investment in capital assets	437	34,133,648	34,134,085
Unrestricted	498,664	250,013	748,677
Total net position	<u>\$ 499,101</u>	<u>\$ 34,383,661</u>	<u>\$ 34,882,762</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Other Component Units
For the Year Ended June 30, 2020

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Operating revenues			
Charges for services and other operating revenues	\$ 308,858	\$ 675,047	\$ 983,905
Total operating revenues	<u>308,858</u>	<u>675,047</u>	<u>983,905</u>
Operating expenses			
Operations	215,141	6,043,109	6,258,250
Administration	792	1,919,940	1,920,732
Maintenance and repairs	14,963	2,191,198	2,206,161
Total operating expenses	<u>230,896</u>	<u>10,154,247</u>	<u>10,385,143</u>
Operating income (loss)	<u>77,962</u>	<u>(9,479,200)</u>	<u>(9,401,238)</u>
Nonoperating revenue			
Subsidy of operations- City of Lynchburg	-	1,307,863	1,307,863
Subsidy of operations- Counties	-	76,275	76,275
Subsidy of operations- Liberty University	-	249,690	249,690
Subsidy of operations- State aid for public transportation	-	2,277,390	2,277,390
Subsidy of operations- Federal operating grant	-	2,357,625	2,357,625
Donations and grants	-	-	-
Miscellaneous revenue	-	23,110	23,110
Loss on disposition of capital assets	-	-	-
Total nonoperating revenue	<u>-</u>	<u>6,291,953</u>	<u>6,291,953</u>
Capital contributions	-	201,406	201,406
Change in net position	<u>77,962</u>	<u>(2,985,841)</u>	<u>(2,907,879)</u>
Total net position - beginning	<u>421,139</u>	<u>37,369,502</u>	<u>37,790,641</u>
Total net position - ending	<u>\$ 499,101</u>	<u>\$ 34,383,661</u>	<u>\$ 34,882,762</u>

Combining Statement of Cash Flows
Other Component Units
For the Year Ended June 30, 2020

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Operating activities			
Cash received from operations	\$ 578,548	\$ 675,669	\$ 1,254,217
Cash paid to employees	(108,446)	(3,006,529)	(3,114,975)
Cash paid to suppliers for goods and services	(112,315)	(4,015,889)	(4,128,204)
New loans disbursed	(220,000)	-	(220,000)
Net cash provided by (used in) operating activities	137,787	(6,346,749)	(6,208,962)
Noncapital financing activities			
Subsidies	-	5,984,869	5,984,869
Net cash provided by noncapital financing activities	-	5,984,869	5,984,869
Capital and related financing activities			
Capital contributions received	-	159,938	159,938
Purchases of capital assets	-	(135,245)	(135,245)
Net cash provided by capital and related financing activities	-	24,693	24,693
Net increase (decrease) in cash and cash equivalents	137,787	(337,187)	(199,400)
Cash and cash equivalents			
Beginning of year	629,236	921,576	1,550,812
End of year	\$ 767,023	\$ 584,389	\$ 1,351,412
Reconciliation of operating income (loss) to net cash used in operating activities			
Operating income (loss)	\$ 77,962	\$ (9,479,200)	\$ (9,401,238)
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:			
Depreciation	438	3,166,125	3,166,563
Decrease in receivables	49,690	622	50,312
Increase in prepaids and other assets	(313)	(164,390)	(164,703)
Decrease in inventory	-	21,316	21,316
Increase in accounts payable and other current liabilities	10,010	10,854	20,864
Increase in compensated absences and other postemployment benefits	-	97,924	97,924
Net cash provided by (used in) operating activities	\$ 137,787	\$ (6,346,749)	\$ (6,208,962)
Supplemental cash flow information			
Non-cash transactions:			
Capital assets additions financed by accounts payable	\$ -	\$ 95,302	\$ 95,302

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SUPPLEMENTAL SCHEDULES

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total By CFDA Number
<u>Primary Government</u>					
Department of Agriculture					
Passed through Commonwealth of Virginia:					
Department of Social Services:					
Supplemental Nutrition Assistance Program	10.561	171VA407S2514		\$ 1,655,858	
Supplemental Nutrition Assistance Program - Community Market	10.561	171VA407S2514		11,273	\$ 1,667,131
National School Lunch Program	10.555	16161VA347N2535		42,833	42,833
National School Breakfast Program	10.553	16161VA347N2535		32,313	32,313
Department of Parks & Recreation:					
Food Insecurity Nutritional Incentive (FINI) Double-Dollars Grant	10.331	2015-70018-2330		11,619	11,619
Total Department of Agriculture					\$ 1,753,896
Department of Health and Human Services					
Passed through Commonwealth of Virginia:					
Department of Social Services:					
Family Preservation and Support	93.556	1801VAFPS		\$ 43,582	\$ 43,582
TANF Block Grant	93.558	1901VATANF		938,874	938,874
Refugee and Entrant Assistance State - Administered Programs	93.566	1801VARSOC		1,624	1,624
Low Income Energy Assistance	93.568	18B1VALIEA		163,517	163,517
Child Care Assistance	93.575	1801VACCDF		(110)	(110)
Child Care Development Fund	93.596	1801VACCDF		151,968	151,968
Chafee Education and Training Vouchers Program (ETV)	93.599	1801VACETV		2,894	2,894
Adoption and Legal Guardian Incentive Payments	93.603	1801VAAIPP		2,324	2,324
Child Welfare Services	93.645	1801VACWSS		1,610	1,610
Foster Care - Title IV-E	93.658	1901VAFOST		1,500,840	1,500,840
Adoption Assistance	93.659	1901VAADPT		2,847,641	2,847,641
Social Services Block Grant	93.667	1801VASOSR		860,275	860,275
Independent Living	93.674	1801VACILP		16,240	16,240
Children's Insurance Program	93.767	1905VA0301		24,878	24,878
Medicaid Assistance	93.778	1805VA5MAP		1,665,636	1,665,636
Total Department of Health and Human Services					\$ 8,221,793

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total By CFDA Number
Primary Government (Continued)					
Department of Housing and Urban Development					
Direct Payments:					
Community Development Block Grant Program, Entitlement Grants					
Community Development Block Grant FY16	14.218	B-15-MC-51-0014			
Passed through to:					
Lynchburg Redevelopment and Housing Authority	14.218	B-15-MC-51-0014	\$ 3,288	\$ 3,288	
Community Development Block Grant FY17	14.218	B-16-MC-51-0014			
Passed through to:					
Lynchburg Redevelopment and Housing Authority	14.218	B-16-MC-51-0014	7,191	7,191	
Lynchburg Community Action Group	14.218	B-16-MC-51-0014			
Community Development Block Grant FY18	14.218	B-17-MC-51-0014			
Passed through to:					
Lynchburg Redevelopment and Housing Authority	14.218	B-17-MC-51-0014	107,917	107,917	
Boys and Girls Club	14.218	B-17-MC-51-0014			
Community Development Block Grant FY19	14.218	B-18-MC-51-0014		373,463	
Passed through to:					
Lynchburg Redevelopment and Housing Authority	14.218	B-18-MC-51-0014	69,731	69,731	
Lynchburg Community Action Group	14.218	B-18-MC-51-0014	6,935	6,935	
Community Development Block Grant FY20	14.218	B-19-MC-51-0014		218,390	
Passed through to:					
Lynchburg Redevelopment and Housing Authority	14.218	B-19-MC-51-0014	5,761	5,761	\$ 792,676
Home Investment Partnership Program					
Home Investment Partnership Program FY17	14.239	M-16-MC-51-0211		173	
Passed through to:					
Lynchburg Community Action Group	14.239	M-16-MC-51-0211	35,726	35,726	
Home Investment Partnership Program FY18	14.239	M-17-MC-51-0211		9,973	
Passed through to:					
Habitat for Humanity	14.239	M-17-MC-51-0211			
Lynchburg Community Action Group	14.239	M-17-MC-51-0211	39,333	39,333	
Home Investment Partnership Program FY19	14.239	M-18-MC-51-0211		23,039	
Passed through to:					
Habitat for Humanity	14.239	M-18-MC-51-0211	70,000	70,000	
Home Investment Partnership Program FY20	14.239	M-19-MC-51-0211			
Passed through to:					
Habitat for Humanity	14.239	M-19-MC-51-0211	5,480	5,480	183,724
Total Department of Housing and Urban Development					\$ 976,400

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total By CFDA Number
<u>Primary Government (Continued)</u>					
Department of Justice					
Direct Payments:					
Office of Violence Against Women - Improving Criminal Responses Program	16.590	2016-WE-AX-0020		\$ 73,507	\$ 73,507
Bulletproof Vest Partnership 2019	16.607	2019-BUBX-1608-2768		31,398	
Bulletproof Vest Partnership 2020	16.607	2020-BUBX-1608-2768		1,364	32,762
Edward Byrne Memorial Justice Assistance Grant Program - Equipment 2020	16.738	2019-DJ-BX-0351		34,259	
JAG FY20 DCJS - Funding for Equipment from DCJS leftover Funds	16.738			49,210	83,469
Federal Asset Forfeiture	16.922			4,888	4,888
Passed through Commonwealth of Virginia:					
Department of Criminal Justice Services:					
Victim-Witness Services	16.575	20-X9267VW18		278,648	278,648
Violence Against Women Formula Grant	16.588	19-J6141VA18		29,741	
Violence Against Women Formula Grant	16.588	20-K141VA19		32,228	61,969
Coronavirus Emergency Supplemental Funding	16.034			64,164	64,164
Total Department of Justice					\$ 599,407
Department of Labor					
Passed through Commonwealth of Virginia:					
Virginia Community College System (VCCS):					
WIA Adult Program	17.258	AA-32183-18-55-A-51	\$ 150,067	\$ 150,067	
WIA Adult Program	17.258	AA-33260-19-55-A-51	199,192	199,192	\$ 349,259
WIA Youth Activities	17.259	AA-32183-18-55-A-51	163,935	163,935	
WIA Youth Activities	17.259	AA-33260-19-55-A-51	379,254	379,254	543,189
WIA Dislocated Workers	17.278	AA-32183-18-55-A-51	253,225	253,225	
WIA Dislocated Workers – CARES	17.278	AA-33260-19-55-A-51	38,390	38,390	
WIA Dislocated Workers	17.278	AA-33260-19-55-A-51	98,796	98,796	
WIA Dislocated Workers	17.278	AA-33183-18-55-A-51	3,803	3,803	394,214
Total Department of Labor					\$ 1,286,662

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total By CFDA Number
Primary Government (Continued)					
Department of Homeland Security					
Direct Payments:					
Transportation Security Administration:					
Airport LEO Cooperative Agreement	97.090	HSTS02-16-H-SLR753		\$ 87,740	\$ 87,740
Total Department of Homeland Security					\$ 87,740
Department of Transportation					
Passed through Commonwealth of Virginia:					
Virginia Department of Transportation					
Highway Planning and Construction					
Adaptive Signal Control - Rivermont Avenue	20.205	65001-118-274		\$ 344,719	
Transportation Alternative Program (TAP)					
Linkhome Road Trail Extension	20.205	17045-EN17-118-282		903,205	\$ 1,247,924
Passed through Commonwealth of Virginia:					
VA Department of Motor Vehicles:					
DMV Selective Enforcement - Alcohol FY19	20.607	AL-2019-59318-9318		11,560	
DMV Selective Enforcement - Alcohol FY20	20.607	AL-2020-50031-20031		34,229	45,789
DMV Selective Enforcement - Speed FY19	20.600	SC-2019-59376-9376		3,335	
DMV Selective Enforcement - Speed FY20	20.600	SC-2020-50046-20046		16,978	20,313
Total Department of Transportation					\$ 1,314,026
Department of the Treasury					
Passed through Commonwealth of Virginia:					
Coronavirus Relief Fund – CARES Act	21.019			\$ 467,997	\$ 467,997
Total Department of Treasury					\$ 467,997
Environmental Protection Agency					
Passed through Commonwealth of Virginia:					
Virginia Resources Authority:					
Revolving Loan	66.458	972		\$ 10,908,416	\$ 10,908,416
Total Environmental Protection Agency					\$ 10,908,416

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total By CFDA Number
<u>Primary Government (Continued)</u>					
Federal Aviation Administration					
Direct Payments:					
Department of Aviation:					
Airport Improvement Program	20.106	3-51-0029-040-2018		\$ 282,004	
Airport Improvement Program	20.106	3-51-0029-041-2018		656,441	
Airport Improvement Program	20.106	3-51-0029-042-2019		285,226	
Airport Improvement Program – CARES	20.106	3-51-0029-045-2020		700,441	\$ 1,924,112
Total Federal Aviation Administration					\$ 1,924,112
Federal Emergency Management Agency					
Direct Payments:					
Department of Homeland Security:					
Assistance to Firefighters	97.044	EMW-2017-FO-02812		\$ 144,555	\$ 144,555
Passed through Commonwealth of Virginia:					
Virginia Department of Emergency Management:					
Emergency Management Performance Grants	97.042	7196		23,423	23,423
State Homeland Security Program Grant - Police	97.067	8,073		24,517	
State Homeland Security Program Grant - Fire	97.067	7966		87,019	
State Homeland Security Program Grant - Fire	97.067	8271		56,286	167,822
Total Federal Emergency Management Agency					\$ 335,800
<u>Component Unit - Lynchburg Schools</u>					
Department of Agriculture					
Passed through Commonwealth of Virginia:					
Department of Education:					
National School Lunch Program	10.555			\$ 2,119,527	
National School Lunch Program – CARES	10.555			137,802	\$ 2,257,329
National School Breakfast Program	10.553			854,356	
National School Breakfast Program – CARES	10.553			55,250	909,606
Summer Food Service Program	10.559			124,699	
Summer Food Service Program – CARES	10.559			1,186,428	1,311,127
Child Adult Care Food Program	10.558			131,823	
Child Adult Care Food Program – CARES	10.558			7,683	139,506
Total Department of Agriculture					\$ 4,617,568

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total By CFDA Number
Component Unit - Lynchburg Schools (Continued)					
Department of Education					
Passed through Commonwealth of Virginia:					
Passed through Commonwealth of Virginia:					
Title I - Part A - Improving Basic Programs	84.010	S010A170046		\$ 489,921	
Title I - Part A - Improving Basic Programs	84.010	S010A180046		512,098	
Title I - Part A - Improving Basic Programs	84.010	S010A190046		3,127,996	
Title I - Part A - School Improvement	84.010	S010A180046		486,702	\$ 4,616,717
Title I - Part D - Neglected or Delinquent	84.013	S010A180046		24,051	
Title I - Part D - Neglected or Delinquent	84.013	S010A190046		3,930	
Title I - Neglected and Delinquent Children	84.013	S013A180046		1,296	29,277
Elementary and Secondary Education Act (ESEA):					
Title IV-B - 21st Century	84.287	S287C170047		51,496	
Title IV-B - 21st Century	84.287	S287C180047		283,166	
Title IV-B - 21st Century	84.287	S287C190047		785,466	1,120,128
IDEA - Part B Section 611 - Special Education	84.027	H027A170107		7,664	
IDEA - Part B Section 611 - Special Education	84.027	H027A180107		385,595	
IDEA - Part B Section 611 - Special Education	84.027	H027A190107		1,114,775	1,508,034
IDEA - Part B Section 619 - Special Education Preschool	84.173	H173A170112		7,063	
IDEA - Part B Section 619 - Special Education Preschool	84.173	H173A180112		47,200	
IDEA - Part B Section 619 - Special Education Preschool	84.173	H173A190112		628	54,891
Title III Part A - Language Acquisition State Grant	84.365	S265A170046		1,591	
Title III Part A - Language Acquisition State Grant	84.365	S265A180046		6,797	
Title III Part A - Language Acquisition State Grant	84.365	S265A190046		10,913	19,301
Title II - Part A - Supporting Effective Instruction State Grants	84.367	S367A170044		24,808	
Title II - Part A - Supporting Effective Instruction State Grants	84.367	S367A180044		125,221	
Title II - Part A - Supporting Effective Instruction State Grants	84.367	S367A190044		259,614	409,643
Title IV - Student Support	84.424	S424A170048		33,430	
Title IV - Student Support	84.424	S424A180048		85,277	
Title IV - Student Support	84.424	S424A190048		88,824	207,531
Vocational Education:					
Basic Grants to States	84.048	V048A170046		1,286	
Basic Grants to States	84.048	V048A190046		240,886	242,172
McKenney - Vento Homeless Education Assistance Improvements Act of 2001:					
Title X-C - No Child Left Behind Act	84.000	S196A180048		5,454	
Title X-C - No Child Left Behind Act	84.000	S196A190048		8,783	14,237
Total Department of Education					8,221,931
TOTAL			\$ 1,638,024	\$ 40,715,748	\$ 40,715,748

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total By CFDA Number
		Donated Food Received			
<u>Primary Government</u>					
Department of Agriculture					
Passed through Commonwealth of Virginia:					
Department of Social Services:					
Juvenile Detention Home (Commodities)	10.555	16161VA347N2535		\$ 3,144	
<u>Component Unit - Lynchburg Schools</u>					
Department of Agriculture					
Passed through Commonwealth of Virginia:					
Department of Education:					
National School Lunch Program (Commodities)	10.555	16161VA347N2535		358,169	\$ 361,313
TOTAL				\$ 361,313	\$ 361,313

CITY OF LYNCHBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
As of June 30, 2020

Note 1. Significant Accounting Policy

Basis of Accounting:

The accompanying schedule of federal awards is prepared on the modified accrual basis of accounting.

Note 2. Business Development Centre, Inc. – Revolving Loan Fund

The Centre administers the Economic Development Administration Special Economic Adjustment Assistance Revolving Loan Fund Program CFDA 11.307 (01-49-03245) on behalf of the City of Lynchburg. Loans under this program are subject to various restrictions as determined by the Economic Development Administration.

The Centre received the funds indicated as follows through the fiscal year ended June 30, 1998. No funds have been received since that date.

	Federal	State	Local
Amount received through June 30, 1993	\$ 45,000	\$ -	\$ 24,000
Amount received through June 30, 1994	127,836	-	33,612
Amount received through June 30, 1995	44,027	-	14,676
Amount received through June 30, 1996	108,201	-	36,067
Bad debt charged off for the year ended June 30, 1996	(3,005)	-	(1,002)
Amount received through June 30, 1997	10,268	-	3,423
Recapitalized from earnings for the year ended June 30, 1997	3,005	-	1,002
Amount received through June 30, 1998	159,668	40,000	13,222
	<u>\$ 495,000</u>	<u>\$ 40,000</u>	<u>\$ 125,000</u>

Note 3. Non-monetary Assistance

Non-monetary assistance is reported in the Schedule of Federal Awards at the fair market value of the food commodities.

Note 4. Indirect Costs

The City has elected to use the de minimis 10% cost rate for certain grants.

CITY OF LYNCHBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
As of June 30, 2020

Note 5. Subgrantees

The federal expenditures for the Community Development Block Grant, the HOME Investment Partnerships Program, and the Workforce Investment Act Cluster programs include grants to subrecipients as follows:

Subrecipient	Community Development Block Grant	HOME Investment Partnerships Program	Workforce Investment Act Cluster
Habitat for Humanity	\$ -	\$ 75,480	\$ -
Lynchburg Community Action Group	6,935	75,059	-
Lynchburg Redevelopment & Housing Authority	193,888	-	-
Region 2000 Local Government Council	-	-	1,286,662
Rush Homes	-	-	-
	<u>\$ 200,823</u>	<u>\$ 150,539</u>	<u>\$ 1,286,662</u>

Note 6. Program Income

The City did not receive any program income during FY2020 for the Community Development Block grant.

Note 7. Virginia Revolving Loan Fund (CFDA 66.458)

As of June 30, 2020, the City had an outstanding balance through the Virginia Revolving Loan Fund in the amount of \$32,000,000 which includes federal funded loans. Expenditures associated with federally funded loans in FY 2020 totaled \$10,908,416.

SCHEDULE 2

CITY OF LYNCHBURG, VIRGINIA

Schedule of Passenger Facility Charges
As of June 30, 2020

Passenger Facility Charges:

Federal Agency/Program Name/Application Number	PFC Balance July 1, 2019	Adjustments	PFC Collected	Interest Earnings	Expenditures	PFC Balance June 30, 2020
FEDERAL AVIATION ADMINISTRATION						
Passenger facility charges (12-06-C-00-LYH)	\$ 462	\$ -	\$ 3,860	\$ -	\$ 4,322	\$ -
Passenger facility charges (17-07-C-00-LYH)	3,159	-	350,154	37	300,000	53,350
	<u>\$ 3,621</u>	<u>\$ -</u>	<u>\$ 354,014</u>	<u>\$ 37</u>	<u>\$ 304,322</u>	<u>\$ 53,350</u>

SCHEDULE 3

Schedule of Expenditures of Passenger Facility Charges
As of June 30, 2020

Expenditures of Passenger Facility Charges:

Project	PFC Expenditures
<u>Application 6 (12-06-C-00-LYH)</u>	
Local share reimbursement (non-AIP) PFC development and administrative costs	\$ 4,323
Local share reimbursement – “Local” expense	-
Local share reimbursement – “State Entitlements” expense	-
Total PFC expenditures	<u>\$ 4,323</u>
<u>Application 7 (17-07-C-00-LYH)</u>	
Local share reimbursement (non-AIP) PFC development and administrative costs	\$ -
Local share reimbursement – “Local” expense	-
Local share reimbursement – “State Entitlements” expense	-
Construct Air Traffic Control Tower (ATCT)	300,000
Total PFC expenditures	<u>\$ 300,000</u>

The accompanying schedule of expenditures of passenger facility charges includes the passenger facility charge activity of the City, and is presented on the cash basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in preparation of, the basic financial statements.

STATISTICAL SECTION

STATISTICAL SECTION

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the government's overall financial condition.

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MISCELLANEOUS STATISTICAL DATA

This section provides additional information about the City, form of government, taxable subjects for local taxation, City's Fund Balance, Debt Management, Budget, and Investment policies. 157-162

FINANCIAL TRENDS

Tables 1-11 contain trend information to help the reader understand how the City's financial performance and well-being have changed over the time. 163-175

REVENUE CAPACITY

Tables 12-19 contain information to help the reader assess the City's most significant local revenue sources, property taxes. 176-183

DEBT CAPACITY

Tables 20-24 present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 184-188

DEMOGRAPHIC AND ECONOMIC INDICATORS

Tables 25-26 offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 189-190

OPERATING INFORMATION

Tables 27-30 contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs. 191-194

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City of Lynchburg implemented GASB Statement 34 in FY 2002; schedules presenting government-wide information include information beginning in that year. The goal of future reporting is to include ten (10) years.

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2020

DATE OF INCORPORATION

Lynchburg was founded by John Lynch in 1757, established as a town in October 1786, incorporated as a town on January 10, 1805 and received independent city status in 1852.

AREA OF CITY

The area of the City consists of 50.107 square miles.

POPULATION

United States Census 2013 (1).....	77,376
United States Census 2014 (1).....	77,874
United States Census 2015 (1).....	78,675
United States Census 2016 (1).....	79,531
United States Census 2017 (1).....	80,380
United States Census 2018 (1).....	81,339
United States Census 2019 (1).....	80,783

(1) Source: Weldon Cooper Center for Public Service,
www.coopercenter.org

FORM OF GOVERNMENT

Lynchburg is organized under the Council – Manager form of government. The City Council, comprised of seven members, is elected on either an at-large (3 members) or ward (4 members) representative basis for four-year staggered terms of office. From among the elected City Council members, they choose on or near July 1 of each election year by simple majority vote a Mayor, who serves a two-year term.

Appointed by the City Council, the City Manager serves as the chief administrative officer of the municipal corporation. The City Manager performs the City's administrative and policy-related duties, directs business procedures and has the power of appointment and removal of the heads of all administrative departments as well as other employees of the City. The City Manager's primary focus is on helping Council set priorities, interpreting City Council's actions to the appropriate department, outside organizations and citizens, and providing professional leadership in executing the adopted policies of City Council.

SEGREGATION OF TAXABLE SUBJECTS FOR LOCAL TAXATION ONLY

By an Act of the General Assembly of Virginia, approved March 31, 1926, all real estate, tangible personal property, and machinery used for manufacturing purposes, were segregated to the City, and these subjects are not liable to any general tax except the City tax.

ASSESSMENTS

The City Assessor of real property appraises the market value of real estate on a biannual assessment cycle. The entire City is reviewed every other year (with values effective the first day of July of the odd years) and adjustments are made where necessary based upon market evidence indicating a change in the value.

The Commissioner of Revenue is required by law to assess vehicles and motorcycles by means of a recognized pricing guide. For most other personal property, the assessed value is based on a percentage of original cost.

CITY OF LYNCHBURG, VIRGINIA

MISCELLANEOUS STATISTICAL DATA

June 30, 2020

(Continued)

TAX RATES

The Commissioner of Revenue, as required by the *Code of Virginia*, assesses tangible personal property and machinery and tools. The City prorates personal property on a monthly basis.

Real Property:

- \$1.11 per \$100 assessed value: 2013-2020
- \$1.05 per \$100 assessed value: 2008-2012
- \$1.11 per \$100 assessed value: 1998-2007
- \$1.13 per \$100 assessed value: 1997
- \$1.16 per \$100 assessed value: 1995-1996
- \$1.18 per \$100 assessed value: 1990-1994

Tangible Personal Property:

- \$3.80 per \$100 assessed value: 2005-2020
- \$3.30 per \$100 assessed value: 1990-2004

Machinery and Tools:

- \$3.00 per \$100 assessed value: 1990-2020

Local Sales Tax:

- 1% + 4.3% VA tax: 2014-2020
- 1% + 4.0% VA tax: 2005-2013
- 1% + 3.5% VA tax: 1998-2004

Utility Consumers' Tax:

- Electricity:
 - Residential – the greater of: \$0.0046 for the first 1,000 kwh (or a fraction thereof) plus \$0.0026 for each kwh over the first 1,000 kwh, or 7% of the minimum monthly charge.
 - Commercial – the greater of: \$0.0048 for the first 1,000 kwh (or a fraction thereof) plus \$0.0092 for each kwh over the first 1,000 kwh, or 7% of the minimum monthly charge.
 - Industrial – the greater of: \$0.00375 for the first 1,000 kwh (or a fraction thereof) plus \$0.0026 for each kwh over the first 1,000 kwh, or 7% of the minimum monthly charge.

Business, Professional, and Occupational License:

- The following schedule is utilized to determine the amount of the business license tax:

Gross Receipts/Purchases	Business License Fee
\$0 - \$10,000	Not Subject to a License
\$10,001 - \$50,000	\$30.00 Non Refundable
\$50,001 - \$100,000	\$50.00
\$100,001 - \$150,000	\$160.00

- If gross receipts/purchases are greater than \$150,000 the following schedule is utilized:
 - Retail merchants – \$0.20 per \$100 of gross receipts
 - Contractors – \$0.16 per \$100 of gross receipts
 - Business/personal service – \$0.36 per \$100 of gross receipts
 - Professional service – \$0.58 per \$100 of gross receipts
 - Wholesale merchants – \$20.00 plus \$0.28 per \$100 of gross purchases
- Effective January 1, 2017 the City of Lynchburg will no longer issue a Business License for any business with gross receipts / purchases of \$10,000 or less.

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2020
(Continued)

TAX RATES
(Continued)

Motor Vehicle License:

- \$29.50 for vehicles weighing 4,000 pounds or less: 2005-2020
- \$34.50 for vehicles weighing greater than 4,000 pounds: 2005-2020
- \$25.00 for all types of vehicles: 1990-2004

Tobacco Tax:

- \$0.35 on pack of twenty cigarettes: 2004-2020
- \$0.15 on pack of twenty cigarettes: 1990-2003

Lodging Tax:

- A tax of 6.5% of the charge made for each room rented per night. In FY 2018, Lynchburg changed the lodging tax from 5.5% to 6.5% plus \$1 per room per night.

Meals Tax:

- A tax of 6.5% on prepared meals sold in the City in addition to Sales Tax. In FY 2005, Lynchburg changed the meals tax from 6.0% to 6.5%.

Ambulance Services:

- Basic Life Services
 - Non-emergency transport fee - \$350
 - Emergency transport fee - \$500
- Advanced Life Support
 - Non-emergency transport fee - \$600
 - Emergency transport fee - \$425
 - Emergency transport fee if three or more different medications combined with at least one Advanced Life Support procedure are administered- \$850
- A fee of \$12/mile is charged for each mile that the patient is transported
- A fee of \$100 is charged when the patient is evaluated and treated by emergency medical services personnel when no transport occurs.

TAXES DUE

Real estate taxes are levied as of the first day of July each year. Supplemental real estate taxes are levied throughout the year to reflect construction in progress during the fiscal year. Real estate taxes are payable in four quarterly installments on November 15, January 15, March 15, and May 15. If paid thereafter, a 10% penalty and interest at the rate of 10% per annum is added.

Personal property taxes are payable in two equal installments on June 5 and December 5. Supplemental billings for personal property acquisitions are due March 5 and September 5.

DELINQUENT TAXES

Real estate and personal property taxes are reported delinquent the day after the due date. Therefore, the day after each installment due date, if the taxes are unpaid, they are considered delinquent.

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2020
(Continued)

OVERLAPPING AREAS AND DEBT

The City of Lynchburg is autonomous and entirely independent of any county or any other political subdivision of the state, being a separate and distinct political unit since 1852.

It is not coterminous with, nor subject to any county or school district taxation, and is not liable for any indebtedness other than its own. It has the power to levy taxes on all real and tangible personal property without limitation of rate or amount.

FUND BALANCE POLICY

The City council adopted a resolution in 1999 that was reaffirmed in 2010, revised in 2011, revised in 2013, revised in 2016, and revised in 2019 which established major policy goal of maintaining the Unassigned General Fund Balance at a level to provide the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing. The Fund Balance Policy for the General Fund states:

- The City shall not use the Unassigned General Fund Balance to finance recurring operating expenditures.
- The City will maintain an Unassigned General Fund Balance (UGFB) equal to a minimum of 10% of General Fund revenues with a goal of 15% as the City strives to grow incrementally each year subject to revenues available. In the event the UGFB is used to provide for temporary funding of unforeseen emergency needs, the City shall restore the Unassigned General Fund Balance to the previous level within three years.
- The City will balance moving towards the 15% targeted fund balance with its annual “Pay as you go” capital improvement requirements.

Enterprise Funds:

- **Water Fund:** Minimum ending fund balance shall not be less than 25% of total fund appropriations with a target balance of 40% of total fund appropriations. In the event the ending fund balance falls below the minimum of 25% of total fund appropriations, the City shall restore the fund balance to the minimum of 25% within three years.
- **Sewer Fund:** In accordance with the Virginia Department of Environmental Quality Special Order, the City shall annually adjust sewer system reserve funds to no more than 40% of the subsequent fiscal years’ budgeted operating expenses and debt service. Minimum ending fund balance shall not be less than 25% of total fund appropriations. In the event the ending fund balance falls below the minimum of 25% of total fund appropriations, the City shall restore the fund balance to the minimum of 25% within three years.
- **Stormwater Fund:** Minimum ending fund balance shall not be less than 15% of total fund appropriations with a target balance of 20% of total fund appropriations. In the event the ending fund balance falls below the minimum of 15% of total fund appropriations, the City shall restore the fund balance to the minimum of 15% within three years.

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2020
(Continued)

DEBT MANAGEMENT POLICY

The City council adopted a resolution on August 10, 1999, which was reaffirmed in 2004, revised in 2010, revised in 2013, revised in 2016, and revised in 2019, establishing guidelines for the planning, issuance and management of debt, for and on behalf of City of Lynchburg. The City will issue debt for the purpose of acquiring or constructing capital projects and for making major renovations to existing capital projects. The City shall comply with all its undertakings in accordance with Securities and Exchange Commission Rule 15c2-12 and will follow the Government Finance Officers' Association and Securities and Exchange Commission requirements for continuing disclosure. Two types of debt obligations are used by the City:

- Tax supported obligations are those that are expected to be repaid from the General Fund tax revenue of the City of Lynchburg. These include general obligation bonds (except self-supporting bonds) and capital leases. General obligation bonds issued for self-supporting enterprise funds are not included in calculations of tax-supported bonds.
- Revenue-supported obligations are those for which the debt service is payable solely from the revenue generated from the operation of the project being financed or a category of facilities (i.e. water and sewer). These are not considered tax-supported debt of the City.

The City may use the Virginia Public School Authority (VPSA) or State Literary Fund loans to finance school capital projects. City bonds sold to the VPSA and Literary Fund loans constitute general obligation debt of the City. City Council shall approve any application to the VPSA or the Department of Education for a Literary Fund loan. City Council shall approve the issuance of the bonds as required by the Public Finance Act. The School Board shall recommend such financings before a proposed financing is brought to City Council for approval.

BUDGET POLICY

The City council adopted a resolution November 14, 2000 which was revised in 2008, reaffirmed in 2010, revised in 2013, revised in 2016, and reaffirmed in 2019.

Principles

- Public participation in the budgetary process will be encouraged.
- The City will avoid dedicating revenue to a specific project or program because of the constraint this may place on flexibility in resource allocation except in instances where programs are expected to be self-sufficient or where revenue is dedicated to a program for statutory or policy reasons.
- The budget process will be coordinated in a way that major policy issues are identified for City Council several months prior to consideration of budget approval. This will allow adequate time for appropriate decisions and analysis of financial impacts.

QUARTERLY FINANCIAL REPORTING

The City Manager will present to the City Council's Finance Committee (with copies to the remainder of Council) quarterly financial reports identifying meaningful trends in revenues and expenditures for the General, Water, Stormwater and Sewer, Airport, Children's Services Act, Lynchburg Regional Juvenile Detention Center and Greater Lynchburg Transit Company Funds.

Third Quarter Review

In March, Budget staff will evaluate all expenditures and revenues as compared to budget and make recommendations to City Council regarding possible budget adjustments. Section 15.2-2507 of the *Code of Virginia* requires that a public hearing be held prior to City Council action when a proposed amendment of the budget exceeds one percent of the total expenditures shown in the currently adopted budget.

CITY OF LYNCHBURG, VIRGINIA

MISCELLANEOUS STATISTICAL DATA

June 30, 2020

(Continued)

INVESTMENT POLICY

The City council adopted an investment policy on September 25, 2001, which was revised in 2008, reaffirmed in 2010, revised in 2013, reaffirmed in 2016, and reaffirmed in 2019, establishing specific requirements or limitations imposed upon the investment of Bond Proceeds, Debt Service Funds and Debt Service Reserve Funds. It is the policy of the City of Lynchburg that the investment and administration of its funds be made in accordance with the Code of Virginia Investment of Public Funds Act, the applicable provisions of any outstanding bond indebtedness, and this policy. It is the intent of the City to be in complete compliance with all applicable federal, state and local laws, and other regulations and statutes governing the investment of public funds. Within those parameters, the goal of this policy is to achieve the highest rate of return that is reasonable. The City will establish an Investment Committee consisting of the City Manager, Deputy City Manager, and Director of Financial Services. This Committee will provide broad policy oversight over investments. This policy will be reviewed on an annual basis. Any changes must be approved by the Investment Committee and be reaffirmed by City Council.

CITY OF LYNCHBURG, VIRGINIA

TABLE 1

**NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 164,804,823	\$ 166,830,517	\$ 175,165,215	\$ 183,957,611	\$ 192,860,159	\$ 210,809,815	\$ 215,193,933	\$ 233,197,296	\$ 236,283,981	\$ 235,958,968
Restricted	23,708,274	18,760,659	16,805,325	15,935,153	9,483,640	4,879,215	2,743,988	2,929,713	3,540,436	3,232,537
Unrestricted	61,798,935	71,824,701	73,963,009	69,801,835	(20,298,752)	(26,991,866)	(29,668,951)	(119,179,431)	(106,684,248)	(91,350,597)
Total governmental activities net position	<u>\$ 250,312,032</u>	<u>\$ 257,415,877</u>	<u>\$ 265,933,549</u>	<u>\$ 269,694,599</u>	<u>\$ 182,045,047</u>	<u>\$ 188,697,164</u>	<u>\$ 188,268,970</u>	<u>\$ 116,947,578</u>	<u>\$ 133,140,169</u>	<u>\$ 147,840,908</u>
Business-type activities										
Net investment in capital assets	\$ 180,332,606	\$ 182,791,158	\$ 189,456,676	\$ 196,909,298	\$ 205,192,151	\$ 209,526,622	\$ 218,449,553	\$ 224,892,828	\$ 235,078,795	\$ 250,754,162
Restricted	10,312	119,534	25,193	8,433	7,231	3,478	108,833	46,465	3,621	53,350
Unrestricted	18,709,510	19,388,092	19,764,741	20,968,416	10,828,849	16,266,676	16,867,521	7,589,878	12,507,989	12,477,023
Total business-type activities net position	<u>\$ 199,052,428</u>	<u>\$ 202,298,784</u>	<u>\$ 209,246,610</u>	<u>\$ 217,886,147</u>	<u>\$ 216,028,231</u>	<u>\$ 225,796,776</u>	<u>\$ 235,425,907</u>	<u>\$ 232,529,171</u>	<u>\$ 247,590,405</u>	<u>\$ 263,284,535</u>
Primary government										
Net investment in capital assets	\$ 345,137,429	\$ 349,621,675	\$ 364,621,891	\$ 380,866,909	\$ 398,052,310	\$ 420,336,437	\$ 433,643,486	\$ 458,090,124	\$ 471,362,776	\$ 486,713,130
Restricted	23,718,586	18,880,193	16,830,518	15,943,586	9,490,871	4,882,693	2,852,821	2,976,178	3,544,057	3,285,887
Unrestricted	80,508,445	91,212,793	93,727,750	90,770,251	(9,469,903)	(10,725,190)	(12,801,430)	(111,589,553)	(94,176,259)	(78,873,574)
Total primary government net position	<u>\$ 449,364,460</u>	<u>\$ 459,714,661</u>	<u>\$ 475,180,159</u>	<u>\$ 487,580,746</u>	<u>\$ 398,073,278</u>	<u>\$ 414,493,940</u>	<u>\$ 423,694,877</u>	<u>\$ 349,476,749</u>	<u>\$ 380,730,574</u>	<u>\$ 411,125,443</u>

Note 1: GASB Statement No. 68 was adopted in Fiscal Year 2015.

Note 2: GASB Statement No. 75 was adopted in Fiscal Year 2018.

**CHANGES IN NET POSITION,
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities:										
General Government	\$ 13,623,646	\$ 14,209,838	\$ 15,116,426	\$ 13,291,661	\$ 13,675,189	\$ 14,564,945	\$ 15,669,122	\$ 15,034,844	\$ 13,734,751	\$ 14,379,320
Judicial	6,329,475	6,546,970	6,406,888	6,518,627	6,245,737	6,294,658	6,719,652	6,596,638	6,673,671	6,499,282
Public Safety	44,365,150	44,743,484	47,390,090	48,816,945	48,732,161	48,490,912	50,797,418	49,506,763	49,901,450	49,480,578
Public Works	25,504,881	25,535,985	26,539,357	29,261,348	24,846,090	26,656,472	28,964,652	28,254,520	29,588,360	29,026,793
Health and Human Services	24,577,656	24,620,381	25,274,269	25,805,934	27,317,037	28,802,640	29,306,224	28,447,078	28,193,609	30,842,359
Culture and Recreation	10,247,781	8,413,428	8,503,945	9,001,804	9,771,210	10,090,164	11,126,401	10,551,172	10,792,828	10,353,308
Community Development	5,490,368	7,757,830	5,076,676	6,730,055	6,742,294	7,764,713	6,216,395	6,423,270	6,618,561	6,420,082
Education	35,171,968	36,667,051	40,568,308	42,640,199	42,608,354	52,163,773	50,225,729	46,418,469	45,787,500	45,019,250
Interest Payments and Fiscal Charges	5,625,344	5,481,482	5,005,302	4,721,429	6,317,148	7,012,279	7,354,890	6,876,234	7,000,819	6,157,813
Issuance Costs	170,210	28,450	29,815	204,180	875,409	268,267	-	346,067	-	744,889
Total governmental activities expenses	171,106,479	174,004,899	179,911,076	186,992,182	187,130,629	202,108,823	206,380,483	198,455,055	198,291,549	198,923,674
Business-type activities:										
Stormwater (1)	-	-	2,038,265	2,542,077	1,988,044	2,250,406	2,303,672	2,796,349	3,114,545	3,335,424
Airport	4,374,509	4,394,934	4,151,032	4,370,888	4,572,562	4,590,497	4,793,694	4,734,183	5,019,188	5,134,437
Water	12,231,617	11,881,318	12,822,767	12,867,800	13,192,403	14,392,767	13,767,772	14,801,886	14,845,315	15,046,373
Sewer	15,889,515	16,705,588	16,195,043	17,350,599	18,408,180	19,032,652	19,382,060	19,689,327	20,301,884	21,004,040
Total business-type activities expenses	32,495,641	32,981,840	35,207,107	37,131,364	38,161,189	40,266,322	40,247,198	42,021,745	43,280,932	44,520,274
Total primary government expenses	\$ 203,602,120	\$ 206,986,739	\$ 215,118,183	\$ 224,123,546	\$ 225,291,818	\$ 242,375,145	\$ 246,627,681	\$ 240,476,800	\$ 241,572,481	\$ 243,443,948

(1)The Stormwater fund was created in FY 2013.

(Continued)

TABLE 2
(Continued)

CITY OF LYNCHBURG, VIRGINIA

CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenues (see Table 3)										
Governmental Activities:										
Charges for services:										
General government	\$ 424,127	\$ 523,344	\$ 530,988	\$ 460,961	\$ 505,564	\$ 521,930	\$ 529,426	\$ 533,921	\$ 675,679	\$ 586,554
Judicial	686,417	781,941	917,900	816,341	785,268	807,987	628,411	558,501	445,007	581,557
Public safety	5,343,055	5,875,575	6,090,401	6,629,609	6,419,638	6,566,743	5,881,973	6,432,759	6,526,492	6,249,834
Public works	786,813	813,474	1,711,835	1,806,816	1,304,063	1,310,028	1,540,998	1,291,023	1,334,424	1,826,242
Health and human services	2,364,654	2,462,151	2,631,082	2,503,303	2,452,554	2,817,336	2,837,112	3,174,813	2,967,498	2,785,781
Cultural and Recreational	2,092,744	647,929	660,626	684,094	776,379	860,612	955,311	905,158	927,578	770,955
Community development	340,847	622,156	936,595	2,422,730	1,172,941	1,352,602	1,120,860	1,249,908	1,913,803	1,355,950
Operating Grants and Contributions	29,639,955	30,194,337	39,851,381	40,032,827	42,055,609	43,418,231	44,712,908	44,119,995	44,733,375	46,966,908
Capital Grants and Contributions	11,833,437	11,546,586	4,320,470	2,407,771	1,516,624	12,039,460	6,501,142	18,953,042	8,265,018	4,217,888
Total governmental activities program services	53,512,049	53,467,493	57,651,278	57,764,452	56,988,640	69,694,929	64,708,141	77,219,120	67,788,874	65,341,669
Business-type activities:										
Charges for services:										
Stormwater	-	-	3,355,267	3,124,545	3,268,776	3,209,504	3,208,044	3,212,572	3,227,746	3,265,521
Airport	2,093,668	2,011,159	2,124,073	2,235,749	2,254,531	2,446,873	2,522,138	2,470,025	2,775,975	2,533,763
Water	12,462,594	12,314,865	12,985,275	13,478,920	14,703,923	14,811,555	15,177,716	15,362,052	15,127,793	15,564,799
Sewer	18,023,990	18,520,421	18,913,651	19,763,592	20,216,758	21,264,506	22,640,530	22,635,664	23,723,563	23,231,507
Operating Grants and Contributions	202,704	158,129	951,522	810,040	417,601	409,592	394,959	395,048	397,320	1,119,787
Capital Grants and Contributions	10,563,426	2,007,777	2,827,806	5,697,350	6,601,428	7,416,609	5,326,856	5,871,418	11,794,517	12,863,845
Total business-type activities program revenues	43,346,382	35,012,351	41,157,594	45,110,196	47,463,017	49,558,639	49,270,243	49,946,779	57,046,914	58,579,222
Total primary government program revenues	\$ 96,858,431	\$ 88,479,844	\$ 98,808,872	\$ 102,874,648	\$ 104,451,657	\$ 119,253,568	\$ 113,978,384	\$ 127,165,899	\$ 124,835,788	\$ 123,920,891
Net (Expense) Revenue										
Governmental Activities	\$ (117,594,430)	\$ (120,537,406)	\$ (122,259,798)	\$ (129,227,730)	\$ (130,141,989)	\$ (132,413,894)	\$ (141,672,342)	\$ (121,235,935)	\$ (130,502,675)	\$ (133,582,005)
Business-type Activities	10,850,741	2,030,511	5,950,487	7,978,832	9,301,828	9,292,317	9,023,045	7,925,034	13,765,982	14,058,948
Total Primary Government Net Expenses	\$ (106,743,689)	\$ (118,506,895)	\$ (116,309,311)	\$ (121,248,898)	\$ (120,840,161)	\$ (123,121,577)	\$ (132,649,297)	\$ (113,310,901)	\$ (116,736,693)	\$ (119,523,057)

(Continued)

TABLE 2
(Continued)

CITY OF LYNCHBURG, VIRGINIA

CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$ 69,849,510	\$ 70,054,855	\$ 74,446,360	\$ 74,994,389	\$ 75,714,767	\$ 77,654,736	\$ 78,396,772	\$ 79,798,396	\$ 81,396,201	\$ 85,485,322
Local sales and use taxes	13,290,563	13,440,973	13,589,747	13,842,292	15,006,326	14,995,131	15,351,347	15,282,741	15,913,730	16,478,533
Meals taxes	10,975,580	11,658,371	11,916,522	12,549,321	13,756,602	14,188,513	14,881,552	14,097,828	14,958,842	13,540,536
Consumer utility taxes	4,692,477	4,475,316	4,628,647	4,738,343	4,575,492	4,660,389	4,569,906	4,768,971	4,673,911	4,527,250
Business license taxes	7,263,543	7,885,841	8,057,554	8,580,699	8,219,996	8,826,486	9,377,091	8,736,403	9,503,954	9,685,320
Communications sales and use taxes	3,534,449	3,462,621	3,471,805	3,412,734	3,382,915	3,282,767	3,202,076	3,101,975	2,877,715	2,812,099
Other taxes	6,377,684	7,299,554	5,823,989	6,638,042	6,785,275	6,862,577	7,137,128	7,397,005	7,745,217	6,672,235
Unrestricted intergovernmental	5,418,525	5,940,422	6,052,604	6,240,433	6,223,664	6,291,034	6,292,632	6,330,816	6,415,005	6,330,695
Interest	601,999	438,375	201,735	295,656	312,688	477,313	504,776	889,609	1,642,727	1,375,991
IRS interest subsidy - Build America bonds	146,839	293,680	293,680	270,332	272,388	272,975	273,563	273,856	274,884	137,736
Miscellaneous	1,498,803	1,162,435	1,606,926	1,480,036	2,141,167	1,374,166	1,164,928	1,060,093	733,225	1,028,422
Transfers	(259,950)	(417,961)	(336,330)	(218,809)	(60,658)	-	-	(135,751)	154,228	-
Gain (Loss) on sale of assets	95,976	73,749	1,024,231	165,312	324,443	179,924	92,377	588,918	405,627	208,605
Total governmental activities	123,485,998	125,768,231	130,777,470	132,988,780	136,655,065	139,066,011	141,244,148	142,190,860	146,695,266	148,282,744
Business-type activities:										
Interest	206,665	210,782	108,977	132,701	96,910	136,484	231,789	546,939	1,064,934	916,795
IRS interest subsidy - Build America Bonds	148,776	297,551	297,550	273,896	275,978	276,573	277,168	277,466	278,508	139,551
Miscellaneous	79,613	148,571	45,232	22,332	22,966	56,305	90,785	93,369	90,949	500,294
Transfers	259,950	-	336,330	218,809	60,658	-	-	135,751	(154,228)	-
Gain (loss) on sale of assets	-	417,961	209,250	12,967	9,825	6,866	6,344	47,162	15,089	78,542
Total business-type activities	695,004	1,074,865	997,339	660,705	466,337	476,228	606,086	1,100,687	1,295,252	1,635,182
Total primary government	\$ 124,181,002	\$ 126,843,096	\$ 131,774,809	\$ 133,649,485	\$ 137,121,402	\$ 139,542,239	\$ 141,850,234	\$ 143,291,547	\$ 147,990,518	\$ 149,917,926
Changes in Net Position										
Governmental activities	\$ 5,891,568	\$ 5,230,825	\$ 8,517,672	\$ 3,761,050	\$ 6,513,076	\$ 6,652,117	\$ (428,194)	\$ 20,954,925	\$ 16,192,591	\$ 14,700,739
Business-type activities	11,545,745	3,105,376	6,947,826	8,639,537	9,768,165	9,768,545	9,629,131	9,025,721	15,061,234	15,694,130
Total primary government	\$ 17,437,313	\$ 8,336,201	\$ 15,465,498	\$ 12,400,587	\$ 16,281,241	\$ 16,420,662	\$ 9,200,937	\$ 29,980,646	\$ 31,253,825	\$ 30,394,869

**PROGRAM REVENUES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function/Program										
Governmental Activities:										
General government	\$ 733,374	\$ 842,476	\$ 842,595	\$ 772,920	\$ 822,568	\$ 6,315,850	\$ 852,147	\$ 14,731,586	\$ 1,296,467	\$ 990,778
Judicial	4,405,123	4,685,775	4,369,390	4,705,330	4,556,364	4,613,026	4,528,778	4,494,336	4,366,657	4,486,505
Public safety	11,507,560	10,901,882	12,249,088	12,655,192	12,043,156	12,167,299	12,562,382	12,682,717	13,101,997	13,328,228
Public works	12,761,729	13,637,579	16,225,091	13,736,037	13,462,198	18,900,766	19,394,584	17,786,121	20,888,553	17,410,171
Health and human services	19,710,295	19,756,196	20,786,993	21,009,420	22,626,330	23,708,853	24,089,638	24,012,556	23,752,553	24,828,227
Cultural and recreational	2,335,925	842,913	932,261	1,335,292	1,010,645	1,153,738	1,201,444	1,177,805	1,193,224	1,894,496
Community development	2,027,021	2,445,719	2,216,576	3,550,261	2,467,379	2,755,042	1,943,831	2,213,229	2,864,423	2,403,264
Education	31,022	354,953	29,284	-	-	80,355	135,337	120,770	325,000	-
Subtotal governmental activities	53,512,049	53,467,493	57,651,278	57,764,452	56,988,640	69,694,929	64,708,141	77,219,120	67,788,874	65,341,669
Business-type activities:										
Stormwater (1)	-	-	4,005,267	3,774,545	3,543,776	3,484,504	3,572,102	4,042,606	3,502,746	4,096,871
Airport	4,331,554	3,452,187	5,046,920	5,214,040	5,786,312	5,163,799	5,786,943	4,913,857	5,312,847	6,696,743
Water	12,462,594	12,338,865	13,067,064	13,492,023	14,708,923	15,174,472	15,387,716	15,362,052	15,397,448	15,568,073
Sewer	26,552,234	19,221,299	19,038,343	22,629,588	23,424,006	25,735,864	24,523,482	25,628,264	32,833,873	32,217,535
Subtotal business-type activities	43,346,382	35,012,351	41,157,594	45,110,196	47,463,017	49,558,639	49,270,243	49,946,779	57,046,914	58,579,222
Total primary government	\$ 96,858,431	\$ 88,479,844	\$ 98,808,872	\$ 102,874,648	\$ 104,451,657	\$ 119,253,568	\$ 113,978,384	\$ 127,165,899	\$ 124,835,788	\$ 123,920,891

(1) The Stormwater fund was created in FY 2013.

**FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,401,700	\$ 14,093,629	\$ -
Committed	13,707,762	13,992,915	14,610,825	15,237,982	14,803,075	12,139,666	13,970,703	12,739,188	15,920,227	16,944,527
Assigned	4,077,230	5,574,299	3,128,072	5,029,549	6,118,051	5,232,752	3,838,602	8,071,697	9,083,748	10,054,580
Unassigned	29,215,575	28,835,650	31,675,248	33,878,501	32,089,924	25,589,098	27,147,729	29,197,526	29,364,685	34,579,844
Total General Fund	<u>\$ 47,000,567</u>	<u>\$ 48,402,864</u>	<u>\$ 49,414,145</u>	<u>\$ 54,146,032</u>	<u>\$ 53,011,050</u>	<u>\$ 42,961,516</u>	<u>\$ 44,957,034</u>	<u>\$ 64,410,111</u>	<u>\$ 68,462,289</u>	<u>\$ 61,578,951</u>
All Other Governmental Funds										
Nonspendable	\$ 500,000	\$ 500,000	\$ 450,000	\$ 400,000	\$ 350,000	\$ 300,000	\$ 250,000	\$ 200,000	\$ -	\$ -
Restricted	23,708,274	18,760,659	16,805,325	15,935,152	9,483,641	4,879,215	2,743,988	2,929,713	3,540,436	3,232,537
Committed	18,396,943	21,518,899	17,761,570	13,852,139	68,602,388	52,840,854	33,170,926	21,141,975	17,551,255	44,853,501
Assigned	121,599	126,818	100,000	100,012	100,012	100,012	100,012	100,012	122,328	-
Unassigned	(539,488)	(257,944)	(257,945)	-	(50,067)	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 42,187,328</u>	<u>\$ 40,648,432</u>	<u>\$ 34,858,950</u>	<u>\$ 30,287,303</u>	<u>\$ 78,485,974</u>	<u>\$ 58,120,081</u>	<u>\$ 36,264,926</u>	<u>\$ 24,371,700</u>	<u>\$ 21,214,019</u>	<u>\$ 48,086,038</u>

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$115,044,676	\$116,760,078	\$122,436,720	\$125,237,029	\$127,770,651	\$130,022,195	\$132,895,836	\$134,835,168	\$137,222,286	\$139,065,653
Regulatory licenses, permits and privilege fees	683,712	916,546	991,098	1,068,270	1,000,222	1,108,694	1,071,926	1,101,285	1,106,893	1,162,650
Intergovernmental	46,663,521	47,320,286	50,245,714	48,326,225	49,874,673	55,070,162	55,784,306	55,565,967	57,603,524	57,356,173
Fines and forfeitures	598,424	721,839	726,438	634,485	637,417	570,242	505,829	406,905	363,010	323,366
Revenue from use of money and property	1,962,064	749,017	506,030	702,100	820,000	1,051,355	1,243,844	1,496,011	2,296,990	2,003,967
Charges for services	11,977,908	11,467,834	13,687,367	15,916,305	14,365,457	14,484,302	13,397,141	14,716,870	15,500,824	14,934,876
Miscellaneous	1,863,720	1,828,931	2,863,553	2,516,916	2,807,317	3,033,445	3,317,877	1,808,108	3,636,735	1,300,132
Total revenues	178,794,025	179,764,531	191,456,920	194,401,330	197,275,737	205,340,395	208,216,759	209,930,314	217,730,262	216,146,817
Expenditures										
General government	15,157,924	15,499,218	16,130,210	14,289,462	16,152,572	16,255,049	16,987,863	17,359,357	16,547,404	17,235,539
Judicial	5,553,219	5,790,132	5,767,935	5,758,228	5,717,080	5,654,176	6,042,746	6,201,171	6,326,561	6,295,896
Public Safety	42,216,297	42,427,687	46,421,193	46,660,711	48,818,343	48,233,548	49,659,468	50,284,130	51,881,221	51,550,558
Public Works	17,746,056	17,681,810	19,474,530	22,150,384	18,097,502	19,790,108	20,593,526	20,211,943	21,227,308	20,678,139
Health and human services	23,992,172	24,172,488	25,059,481	25,328,758	27,443,758	28,554,889	28,892,687	28,900,411	28,731,703	31,511,665
Cultural and recreational	9,114,228	7,383,687	7,672,890	7,611,982	8,821,557	8,928,603	9,623,473	8,910,592	9,428,732	9,079,179
Community development	5,507,839	7,734,642	5,072,557	6,519,328	6,681,436	7,623,841	5,995,399	6,385,505	6,578,169	6,413,185
Education	30,343,130	31,830,468	35,590,981	36,856,139	37,562,551	42,897,772	43,216,739	39,017,813	38,318,576	37,423,267
Capital Outlay										
Capital general government (1)	12,891,432	10,688,906	14,864,174	22,238,043	53,408,143	56,618,269	29,017,350	19,728,578	21,053,810	21,721,700
Debt Services										
Principal Retirement	10,872,412	10,119,044	10,103,234	9,689,223	10,296,872	10,134,827	10,972,265	10,678,219	11,719,848	17,285,515
Interest payments and other fiscal charges	5,671,296	5,399,200	4,985,875	4,683,175	7,435,810	7,306,428	7,324,880	7,407,067	7,390,213	6,517,496
Issuance costs	170,210	28,450	29,815	204,180	875,409	268,267	-	346,067	-	744,889
Total expenditures	179,236,215	178,755,732	191,172,875	201,989,613	241,311,033	252,265,777	228,326,396	215,430,853	219,203,545	226,457,028
Excess (deficiency) of revenues over expenditures	(442,190)	1,008,799	284,045	(7,588,283)	(44,035,296)	(46,925,382)	(20,109,637)	(5,500,539)	(1,473,283)	(10,310,211)
Other financing sources (uses)										
Proceeds from debt issues	-	-	-	-	83,225,000	15,680,000	-	182,562	2,274,450	40,931,365
Premium on debt proceeds	-	-	-	-	7,792,446	1,505,630	-	-	-	3,691,148
Issuance of refunding bonds	18,591,517	-	4,129,625	8,000,638	23,292,975	7,243,402	-	15,221,555	-	-
Premium on refunding debt issuance	-	-	-	-	-	909,464	-	1,700,762	-	-
Payments to escrow agent	(18,397,260)	-	(4,129,625)	-	(23,114,836)	(8,065,760)	-	(2,160,352)	-	(13,850,000)
Capital contributions	-	-	(4,725,916)	-	-	-	-	-	-	-
Transfers in	10,739,030	11,057,987	9,560,807	9,978,763	11,606,390	15,442,682	6,456,092	4,746,481	7,642,818	7,345,416
Transfers out	(10,947,585)	(12,203,385)	(9,897,137)	(10,230,878)	(11,702,990)	(16,205,463)	(6,206,092)	(6,630,618)	(7,549,488)	(7,819,037)
Total other financing sources (uses)	(14,298)	(1,145,398)	(5,062,246)	7,748,523	91,098,985	16,509,955	250,000	13,060,390	2,367,780	30,298,892
Net change in fund balances	\$ (456,488)	\$ (136,599)	\$ (4,778,201)	\$ 160,240	\$ 47,063,689	\$ (30,415,427)	\$ (19,859,637)	\$ 7,559,851	\$ 894,497	\$ 19,988,681
Debt Service as a percentage of noncapital expenditures (2)	9.95%	9.23%	8.56%	8.00%	9.44%	8.91%	9.18%	9.24%	9.64%	11.63%

(1) Beginning with restating FY 2006, and going forward, capital outlay was adjusted to reflect all capital expenditures. The functional categories of current expenditures were adjusted to reflect the reduction for capital expenditures already reported.

(2) The Debt Service ratio has been updated to only include the principal and interest components of debt service expenditures in the ratio.

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
LAST TEN FISCAL YEARS

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	\$ 115,009,873	\$ 116,760,078	\$ 122,436,720	\$ 125,237,029	\$ 127,770,651	\$ 130,022,195	\$ 132,895,836	\$ 134,835,168	\$ 137,222,286	\$ 139,065,653
Regulatory licenses, permits, and privilege fees	683,712	916,546	991,098	1,068,270	1,000,222	1,108,694	1,071,926	1,101,285	1,106,893	1,162,650
Intergovernmental	33,199,440	35,030,474	33,669,141	34,333,156	34,604,123	36,644,986	37,432,488	36,917,105	37,433,967	38,090,501
Fines & forfeitures	598,424	721,839	726,438	634,485	637,417	570,242	505,829	406,905	363,010	323,366
Revenues from use of money & property	840,217	690,069	437,531	640,544	697,756	916,257	1,125,893	1,434,901	2,213,643	1,908,132
Charges for services	7,907,113	7,676,012	9,949,886	10,555,494	10,750,591	10,356,244	9,938,717	10,743,235	10,970,514	11,168,427
Miscellaneous	945,324	871,056	1,097,217	1,150,545	1,154,870	1,234,853	1,050,756	1,380,263	781,049	1,052,246
Total revenues	159,184,103	162,666,074	169,308,031	173,619,523	176,615,630	180,853,471	184,021,445	186,818,862	190,091,362	192,770,975
Expenditures:										
Current operating expenditures:										
General government	15,453,014	15,908,597	16,408,318	14,507,532	16,298,894	16,490,338	17,106,909	17,389,996	16,893,676	17,521,050
Judicial	4,426,215	4,421,907	4,650,024	4,655,974	4,696,403	4,788,676	4,832,773	5,032,655	5,088,929	5,176,741
Public safety	38,405,071	38,845,495	42,026,411	42,455,002	44,421,121	44,391,282	45,274,306	46,414,215	47,769,024	47,642,493
Public works	15,139,289	14,436,170	15,547,537	16,403,344	14,600,543	16,009,423	16,364,853	15,920,299	17,926,578	16,707,843
Health and human services	18,713,485	18,268,410	18,905,329	19,184,011	19,825,954	21,018,515	21,401,062	21,441,064	21,133,854	22,938,513
Cultural & recreational	7,397,754	7,383,687	7,560,762	7,479,777	8,558,412	8,394,652	9,034,143	8,825,071	9,320,532	8,906,758
Community development	3,883,971	3,930,173	3,504,251	4,283,676	4,819,261	4,590,547	3,804,380	4,817,967	5,041,335	4,905,846
Education	30,310,602	31,696,712	35,308,205	35,709,226	36,389,604	42,691,567	42,943,004	38,894,037	38,257,161	37,411,557
Capital outlay:										
Capital general government	-	-	-	-	-	-	-	649,712	37,309	12,102
Debt service:										
Principal retirements	10,354,910	9,706,899	9,693,099	9,359,924	9,959,146	9,837,962	10,683,800	10,416,914	10,649,783	17,254,960
Interest payments and other fiscal charges	5,380,142	5,225,436	4,829,728	4,544,745	7,276,813	7,281,382	7,294,605	7,380,164	7,321,643	6,514,725
Issuance costs	162,757	28,450	29,815	204,180	443,933	171,746	-	346,067	-	374,779
Total expenditures	149,627,210	149,851,936	158,463,479	158,787,391	167,290,084	175,666,090	178,739,835	177,528,161	179,439,824	185,367,367
Excess (deficiency) of revenues over expenditures	9,556,893	12,814,138	10,844,552	14,832,132	9,325,546	5,187,381	5,281,610	9,290,701	10,651,538	7,403,608
Other financing sources (uses):										
Issuance of bonds	-	-	-	57,468	412,470	83,298	-	103,342	-	6,138,453
Premium on debt proceeds	-	-	-	-	-	-	-	1,700,762	-	593,822
Issuance of refunding bonds	16,605,512	-	4,129,625	-	22,823,100	8,152,866	-	15,221,555	-	-
Refunded bond principal payments	-	-	-	-	-	-	-	-	-	-
Payments to escrow agent	(16,418,708)	-	(4,129,625)	-	(22,647,772)	(8,065,760)	-	(2,160,352)	-	(13,850,000)
Transfers in	546,826	283,272	18,524	4,761	325,036	366,572	1,585,000	252,397	643,814	274,908
Transfers out	(10,170,259)	(11,695,113)	(9,851,795)	(10,162,474)	(11,373,362)	(15,773,891)	(4,871,092)	(4,955,328)	(7,243,174)	(7,444,129)
Total other financing sources (uses)	(9,436,629)	(11,411,841)	(9,833,271)	(10,100,245)	(10,460,528)	(15,236,915)	(3,286,092)	10,162,376	(6,599,360)	(14,286,946)
Net changes in fund balances	120,264	1,402,297	1,011,281	4,731,887	(1,134,982)	(10,049,534)	1,995,518	19,453,077	4,052,178	(6,883,338)
Fund balance - beginning, as restated (1)	46,880,303	47,000,567	48,402,864	49,414,145	54,146,032	53,011,050	42,961,516	44,957,034	64,410,111	68,462,289
Fund balance - ending	\$ 47,000,567	\$ 48,402,864	\$ 49,414,145	\$ 54,146,032	\$ 53,011,050	\$ 42,961,516	\$ 44,957,034	\$ 64,410,111	\$ 68,462,289	\$ 61,578,951

(1) Beginning fund balance restated as of June 30, 2011. See Note 19, City of Lynchburg's Comprehensive Annual Financial Report, June 30, 2011.

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SCHOOL FUND
LAST TEN FISCAL YEARS

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Intergovernmental	\$ 71,983,645	\$ 74,046,427	\$ 78,946,545	\$ 80,213,734	\$ 84,423,859	\$ 89,797,227	\$ 93,028,379	\$ 90,439,558	\$ 91,790,234	\$ 90,816,094
Revenue from use of money & property	527	136	106	-	-	-	-	-	-	-
Charges for services	1,504,368	1,556,187	1,468,451	1,471,332	1,169,484	1,491,359	1,820,727	1,640,533	1,723,917	2,706,961
Miscellaneous	804,264	1,197,197	590,372	520,942	726,730	1,365,368	412,650	632,056	803,639	1,432,973
Total revenues	74,292,804	76,799,947	81,005,474	82,206,008	86,320,073	92,653,954	95,261,756	92,712,147	94,317,790	94,956,028
Expenditures:										
Education:										
Instruction	54,022,173	54,189,572	57,096,206	57,686,592	61,909,077	65,839,840	68,909,218	67,276,868	66,430,018	68,039,938
Administration, attendance, and health	3,820,833	3,767,196	4,193,846	5,581,280	4,865,032	5,426,428	5,717,931	6,376,477	5,675,250	5,953,847
Pupil transportation services	3,786,131	4,418,735	4,661,286	4,690,144	4,828,845	4,762,678	5,016,591	5,335,508	5,668,771	5,322,011
Operations and maintenance	9,347,596	9,287,310	9,643,581	9,497,568	10,665,930	10,485,381	10,157,853	10,296,919	10,899,422	10,554,930
Food service and other	-	-	5,633	16,087	24,670	21,358	12,153	16,691	15,344	8,986
Facilities	48,403	40,563	87,879	20,365	10,163	14,825	20,758	26,138	20,959	18,434
Technology	2,037,654	2,362,774	2,049,937	3,244,460	3,525,049	3,230,426	3,034,004	3,060,199	3,104,473	3,748,479
Capital outlay	709,526	1,999,266	3,253,181	862,639	742,418	2,813,555	1,147,768	1,445,076	1,759,244	1,070,693
Debt service:										
Principal retirements	642,489	480,697	264,931	109,353	-	-	-	-	-	-
Interest payments	44,389	22,256	8,261	970	-	-	-	-	-	-
Total expenditures	74,459,194	76,568,369	81,264,741	81,709,458	86,571,184	92,594,491	94,016,276	93,833,876	93,573,481	94,717,318
Excess (deficiency) of revenues over expenditures	(166,390)	231,578	(259,267)	496,550	(251,111)	59,463	1,245,480	(1,121,729)	744,309	238,710
Other financing sources (uses):										
Transfers in (out)	(23,726)	-	(26,655)	-	-	-	-	-	-	-
Total other financing sources (uses)	(23,726)	-	(26,655)	-	-	-	-	-	-	-
Net change in fund balances	(190,116)	231,578	(285,922)	496,550	(251,111)	59,463	1,245,480	(1,121,729)	744,309	238,710
Fund balance - beginning	455,055	264,939	496,517	210,595	707,145	456,034	515,497	1,760,977	639,248	1,383,557
Fund balance - ending	\$ 264,939	\$ 496,517	\$ 210,595	\$ 707,145	\$ 456,034	\$ 515,497	\$ 1,760,977	\$ 639,248	\$ 1,383,557	\$ 1,622,267

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
WATER FUND
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating revenues:										
Charges for services and other operating revenues	\$ 12,462,594	\$ 12,314,865	\$ 12,985,275	\$ 13,478,920	\$ 14,703,923	\$ 14,811,555	\$ 15,177,716	\$ 15,362,052	\$ 15,127,793	\$ 15,564,799
Total operating revenues	12,462,594	12,314,865	12,985,275	13,478,920	14,703,923	14,811,555	15,177,716	15,362,052	15,127,793	15,564,799
Operating expenses:										
Personal services and benefits	4,253,120	3,835,816	4,385,357	4,345,690	4,350,457	5,061,596	5,173,210	4,779,528	5,076,126	5,960,956
Operation and maintenance	1,234,608	1,158,818	1,460,251	1,453,789	1,550,252	1,788,171	945,920	1,750,445	1,301,725	1,269,534
Supplies and materials	1,471,159	1,296,768	1,220,000	1,218,645	1,210,601	1,229,613	1,378,106	1,435,848	1,362,100	1,210,432
Administration	1,174,601	1,182,821	1,220,437	1,308,718	1,462,335	1,335,499	1,196,167	1,431,196	1,550,316	1,610,286
Other charges	67,481	60,133	65,424	60,118	77,950	87,808	90,180	86,149	89,138	93,493
Depreciation	2,519,349	2,701,356	2,711,581	2,757,951	2,852,246	2,916,684	3,048,763	3,116,981	3,231,814	3,225,638
Total operating expenses	10,720,318	10,235,712	11,063,050	11,144,911	11,503,841	12,419,371	11,832,346	12,600,147	12,611,219	13,370,339
Operating income	1,742,276	2,079,153	1,922,225	2,334,009	3,200,082	2,392,184	3,345,370	2,761,905	2,516,574	2,194,460
Nonoperating revenues (expenses):										
Interest income	30,674	40,275	2,729	21,508	21,514	41,904	75,939	229,606	501,029	435,285
Governmental grants	-	-	72,289	13,103	-	-	-	-	-	-
Miscellaneous	19,585	10,847	16,535	2,122	2,781	1,028	1,131	1,001	33,101	220,157
Gain (loss) on disposition of assets	(293)	-	-	7,314	9,219	6,128	5,172	18,282	5,798	9,621
Interest on long-term debt	(1,520,334)	(1,643,503)	(1,751,114)	(1,708,765)	(1,678,042)	(1,971,229)	(1,911,073)	(2,204,019)	(2,208,099)	(1,663,343)
IRS interest subsidy - Build America Bonds	125,799	251,598	251,598	231,596	233,357	233,860	234,363	234,615	235,496	117,999
Total nonoperating revenues (expenses)	(1,344,569)	(1,340,783)	(1,407,963)	(1,433,122)	(1,411,171)	(1,688,309)	(1,594,468)	(1,720,515)	(1,432,675)	(880,281)
Income before contributions and transfers	397,707	738,370	514,262	900,887	1,788,911	703,875	1,750,902	1,041,390	1,083,899	1,314,179
Capital contributions	-	24,000	9,500	-	5,000	362,917	210,000	-	269,655	3,274
Transfers in	-	-	-	-	-	-	-	67,298	93,215	-
Change in net position	397,707	762,370	523,762	900,887	1,793,911	1,066,792	1,960,902	1,108,688	1,446,769	1,317,453
Total net position - beginning, as restated (1) (2) (3)	34,815,703	35,273,830	36,036,200	36,559,962	31,448,108	33,242,019	34,308,811	29,985,889	31,094,577	32,541,346
Ending net position:										
Net investment in capital assets	28,353,428	28,177,375	27,787,795	28,010,070	28,620,307	27,610,452	29,430,618	29,134,568	30,347,378	31,506,001
Unrestricted	6,859,982	7,858,825	8,772,167	9,450,779	4,621,712	6,698,359	6,839,095	1,960,009	2,193,968	2,352,798
Total net position - ending	<u>\$ 35,213,410</u>	<u>\$ 36,036,200</u>	<u>\$ 36,559,962</u>	<u>\$ 37,460,849</u>	<u>\$ 33,242,019</u>	<u>\$ 34,308,811</u>	<u>\$ 36,269,713</u>	<u>\$ 31,094,577</u>	<u>\$ 32,541,346</u>	<u>\$ 33,858,799</u>

(1) Total net position - beginning, was restated as of June 30, 2011. See Note 19, City of Lynchburg's Comprehensive Annual Financial Report for FY 2012 for an explanation.

(2) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Comprehensive Annual Financial Report for FY 2015 for an explanation.

(3) Total net position - beginning, was restated as of June 30, 2017. See Note 25, City of Lynchburg's Comprehensive Annual Financial Report for FY 2018 for an explanation.

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
SEWER FUND
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating revenues:										
Charges for services and other operating revenues	\$ 18,023,990	\$ 18,520,421	\$ 18,913,651	\$ 19,763,592	\$ 20,216,758	\$ 21,264,506	\$ 22,640,530	\$ 22,635,664	\$ 23,723,563	\$ 23,231,507
Total operating revenues	18,023,990	18,520,421	18,913,651	19,763,592	20,216,758	21,264,506	22,640,530	22,635,664	23,723,563	23,231,507
Operating expenses:										
Personal services and benefits	2,821,960	2,963,550	2,731,139	2,871,425	2,944,024	3,390,178	3,424,756	3,274,735	3,355,976	3,365,150
Operation and maintenance	2,756,734	3,054,420	2,493,078	2,742,797	2,697,307	2,906,172	3,071,702	3,533,634	3,636,697	3,649,979
Supplies and materials	1,142,833	1,119,265	1,040,125	1,158,838	1,336,709	1,489,227	1,562,481	1,386,495	1,661,637	1,738,027
Administration	2,599,513	2,337,126	2,273,339	2,282,628	2,573,784	2,341,346	2,316,721	2,467,815	2,580,626	2,802,473
Other charges	39,915	70,699	33,447	44,651	66,946	51,118	106,560	74,387	66,021	69,826
Depreciation	5,035,336	5,819,288	6,147,918	7,049,861	7,584,388	7,635,836	7,888,946	7,898,587	8,037,676	8,131,718
Total operating expenses	14,396,291	15,364,348	14,719,046	16,150,200	17,203,158	17,813,877	18,371,166	18,635,653	19,338,633	19,757,173
Operating income	3,627,699	3,156,073	4,194,605	3,613,392	3,013,600	3,450,629	4,269,364	4,000,011	4,384,930	3,474,334
Nonoperating revenues (expenses):										
Interest income	173,319	167,849	102,589	108,729	73,142	85,086	124,705	241,852	409,567	350,086
Governmental grants	93,000	-	93,667	10,759	-	-	219	-	-	-
Miscellaneous	15,936	125,336	11,999	11,170	10,400	11,821	19,605	47,687	47,717	270,958
Gain (loss) on disposition of assets	-	-	(160,294)	5,653	606	738	1,172	16,393	2,259	(175,771)
Interest on long-term debt	(1,477,230)	(1,359,726)	(1,234,971)	(1,148,525)	(1,086,336)	(1,129,426)	(985,817)	(1,068,072)	(1,077,985)	(1,119,367)
IRS interest subsidy - Build America Bonds	22,977	45,953	45,952	42,300	42,621	42,713	42,805	42,851	43,012	21,552
Total nonoperating revenues (expenses)	(1,171,998)	(1,020,588)	(1,141,058)	(969,914)	(959,567)	(989,068)	(797,311)	(719,289)	(575,430)	(652,542)
Income before contributions and transfers	2,455,701	2,135,485	3,053,547	2,643,478	2,054,033	2,461,561	3,472,053	3,280,722	3,809,500	2,821,792
Capital contributions	8,435,244	700,878	31,025	2,855,237	3,207,248	4,471,358	1,882,733	2,992,600	9,110,310	8,986,028
Transfers in	-	-	-	126,734	126,734	126,734	-	50,729	64,082	-
Transfers out	-	(3,401)	-	-	-	-	-	-	-	-
Change in net position	10,890,945	2,832,962	3,084,572	5,625,449	5,388,015	7,059,653	5,354,786	6,324,051	12,983,892	11,807,820
Total net position - beginning, as restated (1) (2) (3)	122,045,711	132,997,076	135,830,038	138,914,610	140,651,555	146,039,570	153,099,223	154,135,205	160,459,256	173,443,148
Ending net position:										
Net investment in capital assets	118,483,855	122,482,265	128,264,125	133,496,405	138,595,419	144,934,435	148,010,757	154,280,143	164,363,686	177,570,472
Unrestricted	14,452,801	13,347,773	10,650,485	11,043,654	7,444,151	8,164,788	10,443,252	6,179,113	9,079,462	7,680,496
Total net position - ending	\$ 132,936,656	\$ 135,830,038	\$ 138,914,610	\$ 144,540,059	\$ 146,039,570	\$ 153,099,223	\$ 158,454,009	\$ 160,459,256	\$ 173,443,148	\$ 185,250,968

(1) Total net position - beginning, was restated as of June 30, 2011. See Note 19, City of Lynchburg's Comprehensive Annual Financial Report for FY 2012 for an explanation.

(2) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Comprehensive Annual Financial Report for FY 2015 for an explanation.

(3) Total net position - beginning, was restated as of June 30, 2017. See Note 25, City of Lynchburg's Comprehensive Annual Financial Report for FY 2018 for an explanation.

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
STORMWATER FUND
LAST EIGHT FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020
Operating revenues:								
Charges for services and other operating revenues	\$ 3,355,267	\$ 3,124,545	\$ 3,268,776	\$ 3,209,504	\$ 3,208,044	\$3,212,572	\$3,227,746	\$3,265,521
Intergovernmental	650,000	650,000	275,000	275,000	275,000	275,000	275,000	275,000
Total operating revenues	4,005,267	3,774,545	3,543,776	3,484,504	3,483,044	3,487,572	3,502,746	3,540,521
Operating expenses:								
Personal services and benefits	281,160	414,356	362,502	446,320	651,860	531,569	673,639	680,361
Operation and maintenance	651,189	719,470	306,678	285,560	327,657	451,961	511,138	418,487
Supplies and materials	50,358	113,528	104,029	136,741	131,321	127,008	168,543	186,793
Administration	1,109,817	1,340,126	1,227,229	1,353,809	1,160,256	1,576,573	1,528,109	1,767,225
Other charges	4,804	8,233	11,916	5,289	16,864	23,538	16,045	11,939
Depreciation	-	4,465	33,662	67,558	76,239	142,092	275,261	295,876
Total operating expenses	2,097,328	2,600,178	2,046,016	2,295,277	2,364,197	2,852,741	3,172,735	3,360,681
Operating income	1,907,939	1,174,367	1,497,760	1,189,227	1,118,847	634,831	330,011	179,840
Nonoperating revenue:								
Interest Income	-	-	-	1,213	9,477	31,120	60,794	39,235
Miscellaneous	1	-	61	23,452	2	491	-	3,203
Interest on long-term debt	-	-	-	-	-	(4,672)	(106)	(37,254)
Total nonoperating revenue	1	-	61	24,665	9,479	26,939	60,688	5,184
Income before contributions and transfers	1,907,940	1,174,367	1,497,821	1,213,892	1,128,326	661,770	390,699	185,024
Capital contributions	-	-	-	-	89,058	555,034	-	556,350
Transfers in	-	-	-	-	-	8,593	9,543	-
Transfers out	-	(126,734)	(162,676)	(126,734)	-	(4,215)	(337,500)	-
Change in net position	1,907,940	1,047,633	1,335,145	1,087,158	1,217,384	1,221,182	62,742	741,374
Total net position - beginning, as restated (1) (2)	-	1,907,940	2,428,919	3,764,064	4,851,222	5,656,260	6,877,442	6,940,184
Ending net position:								
Net investment in capital assets	99,062	771,687	2,002,495	2,484,986	3,950,070	4,336,742	4,894,032	6,496,175
Unrestricted	1,808,878	2,183,886	1,761,569	2,366,236	2,118,536	2,540,700	2,046,152	1,185,383
Total net position - ending	\$ 1,907,940	\$ 2,955,573	\$ 3,764,064	\$ 4,851,222	\$ 6,068,606	\$ 6,877,442	\$ 6,940,184	\$ 7,681,558

The Stormwater Fund was created in FY 2013.

(1) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Comprehensive Annual Financial Report for FY 2015 for an explanation.

(2) Total net position - beginning, was restated as of June 30, 2017. See Note 25, City of Lynchburg's Comprehensive Annual Financial Report for FY 2018 for an explanation.

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AIRPORT FUND
LAST TEN FISCAL YEARS

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating revenues:										
Charges for services and other operating revenues	\$ 2,093,668	\$ 2,011,159	\$ 2,124,073	\$ 2,235,749	\$ 2,254,531	\$ 2,446,873	\$ 2,522,138	\$ 2,470,025	\$ 2,775,975	\$ 2,533,763
Intergovernmental	168,209	158,129	135,566	136,178	142,601	134,592	119,740	120,048	122,320	844,787
Total operating revenues	2,261,877	2,169,288	2,259,639	2,371,927	2,397,132	2,581,465	2,641,878	2,590,073	2,898,295	3,378,550
Operating expenses: (2)										
Personal services and benefits	962,868	917,266	942,087	970,660	1,006,709	1,018,464	1,058,236	1,097,115	1,151,858	1,199,829
Operation and maintenance	993,088	979,812	1,008,265	1,160,643	1,166,823	1,011,546	1,134,897	965,901	1,064,812	1,281,301
Supplies and materials	118,586	122,848	113,371	133,670	12,803	137,041	141,930	114,948	145,406	53,306
Administration	233,300	263,522	243,385	233,277	239,614	235,287	258,123	272,997	300,143	282,978
Other charges	15,794	21,416	18,000	16,800	24,384	20,637	27,399	29,752	31,762	28,466
Depreciation	1,969,925	2,035,816	1,782,786	1,820,883	2,115,435	2,141,357	2,145,813	2,240,282	2,284,681	2,247,024
Total operating expenses	4,293,561	4,340,680	4,107,894	4,335,933	4,565,768	4,564,332	4,766,398	4,720,995	4,978,662	5,092,904
Operating loss	(2,031,684)	(2,171,392)	(1,848,255)	(1,964,006)	(2,168,636)	(1,982,867)	(2,124,520)	(2,130,922)	(2,080,367)	(1,714,354)
Nonoperating revenues (expenses):										
Interest income	2,672	2,658	3,659	2,464	2,254	8,281	21,668	44,361	93,544	92,189
Governmental grants	34,495	-	-	-	-	-	-	-	-	-
Passenger facility charges (3)	350,002	321,031	-	-	-	-	-	-	-	-
Miscellaneous	44,092	12,388	16,697	9,040	9,724	20,004	70,047	44,190	10,131	5,976
Gain (Loss) on disposition of assets	(17,651)	-	137,762	-	-	-	-	12,487	7,032	421
Interest on long-term debt	(64,581)	(54,416)	(45,020)	(39,411)	(8,061)	(27,422)	(24,752)	(11,781)	(38,239)	(33,252)
Total nonoperating revenues (expenses)	349,029	281,661	113,098	(27,907)	3,917	863	66,963	89,257	72,468	65,334
Loss before contributions and transfers	(1,682,655)	(1,889,731)	(1,735,157)	(1,991,913)	(2,164,719)	(1,982,004)	(2,057,557)	(2,041,665)	(2,007,899)	(1,649,020)
Capital contributions	1,685,180	961,868	2,452,072	2,512,162	3,065,217	2,264,831	2,824,123	1,985,329	2,054,429	2,992,979
Passenger facility charges (3)	-	-	335,209	329,951	323,963	317,503	320,942	338,455	360,123	325,214
Transfers in	259,950	421,362	336,330	218,809	96,600	-	-	13,346	16,432	-
Change in net position	262,475	(506,501)	1,388,454	1,069,009	1,321,061	600,330	1,087,508	295,465	423,085	1,669,173
Total net position - beginning, as restated (1)(2)(4)	34,721,312	35,003,927	34,497,426	35,885,880	35,756,707	37,077,768	37,678,098	37,858,123	38,153,588	38,576,673
Ending net position:										
Net investment in capital assets	33,495,323	32,131,518	33,305,694	34,631,136	35,973,930	34,496,749	37,058,108	37,141,375	35,473,699	35,181,514
Restricted	10,312	119,534	25,193	8,433	7,231	3,478	108,833	46,465	3,621	53,350
Unrestricted	1,478,152	2,246,374	2,554,993	2,315,320	1,096,607	3,177,871	1,598,665	965,748	3,099,353	5,010,982
Total net position - ending	\$ 34,983,787	\$ 34,497,426	\$ 35,885,880	\$ 36,954,889	\$ 37,077,768	\$ 37,678,098	\$ 38,765,606	\$ 38,153,588	\$ 38,576,673	\$ 40,245,846

(1) Total net position - beginning, was restated as of June 30, 2011. See Note 19, City of Lynchburg's Comprehensive Annual Financial Report for FY 2012 for an explanation.

(2) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Comprehensive Annual Financial Report for FY 2015 for an explanation.

(3) Beginning in FY 2013, Passenger facility charges are reported with capital contributions and transfers.

(4) Total net position - beginning, was restated as of June 30, 2017. See Note 25, City of Lynchburg's Comprehensive Annual Financial Report for FY 2018 for an explanation.

**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS**
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Real Estate	\$ 50,443,704	\$ 50,575,233	\$ 54,258,297	\$ 54,360,607	\$ 54,894,485	\$ 55,825,934	\$ 56,473,104	\$ 56,927,450	\$ 57,541,054	\$ 60,268,655
PSC Taxes	2,231,177	2,188,113	2,333,580	2,313,627	2,267,069	2,371,493	2,419,023	2,522,219	2,596,128	2,608,746
Personal Property Tax	15,452,280	16,138,693	16,757,814	17,578,172	17,578,905	18,390,620	18,747,247	19,635,406	20,347,254	21,556,547
Penalties & Interest	954,397	1,032,498	1,142,986	1,241,614	1,299,858	1,198,049	1,385,475	1,275,152	1,218,007	1,154,905
Sales & Use Tax	13,290,563	13,440,973	13,589,747	13,842,292	15,006,326	14,995,131	15,351,346	15,282,741	15,913,730	16,478,533
Utility Tax	4,692,477	4,475,316	4,628,647	4,738,343	4,575,492	4,660,389	4,569,906	4,768,971	4,673,597	4,527,034
Business License Tax	7,342,658	7,539,926	7,810,315	8,391,989	8,535,544	8,464,009	9,258,208	9,095,288	9,398,263	9,553,844
Franchise License Tax	8,554	4,527	500	-	-	10,100	500	-	-	-
Communication Sales & Use Tax	3,534,449	3,462,621	3,471,805	3,412,734	3,382,915	3,282,767	3,202,076	3,101,975	2,877,715	2,812,099
Motor Vehicle Licenses	1,621,362	1,629,845	1,643,420	1,672,627	1,701,647	1,722,007	1,764,571	1,765,907	1,800,426	1,863,819
Bank Stock Taxes	901,240	817,990	722,734	769,284	831,103	836,320	834,986	829,988	953,307	519,806
Taxes on Recordation and Wills	381,719	461,835	549,056	486,321	592,113	504,432	614,673	629,846	694,483	699,608
Tobacco Taxes	936,648	974,864	1,025,289	975,078	936,024	900,484	903,846	870,084	846,122	840,871
Admission and Amusement Taxes	610,625	644,842	660,558	662,453	667,212	678,870	762,657	847,388	820,805	624,430
Hotel and Motel Room Taxes	1,738,042	1,787,719	1,967,393	2,125,145	2,066,200	2,100,391	2,226,551	2,583,241	2,648,042	2,100,355
Restaurant Food Taxes	10,904,781	11,585,083	11,874,579	12,666,743	13,435,756	14,081,199	14,381,667	14,699,512	14,893,353	13,456,401
Total General Government Tax Revenues	<u>\$ 115,044,676</u>	<u>\$ 116,760,078</u>	<u>\$ 122,436,720</u>	<u>\$ 125,237,029</u>	<u>\$ 127,770,649</u>	<u>\$ 130,022,195</u>	<u>\$ 132,895,836</u>	<u>\$ 134,835,168</u>	<u>\$ 137,222,286</u>	<u>\$ 139,065,653</u>

Source: Chief Financial Officer, City of Lynchburg, Virginia.

**ASSESSED VALUE OF TAXABLE REAL PROPERTY,
LAST TEN FISCAL YEARS (1)**
(in thousands of dollars)

Fiscal Year	Residential Property (3)	Commercial Property	Industrial Property	Total Taxable Assessed Value (2)	Direct Tax Rate
2011	\$ 3,346,989,900	\$ 1,273,290,400	\$ 343,349,000	\$ 4,963,629,300	\$ 1.05
2012	3,331,295,800	1,273,327,200	344,876,100	4,949,499,100	1.05
2013	3,349,936,800	1,280,432,600	355,677,600	4,986,047,000	1.11
2014	3,323,554,300	1,302,945,700	355,954,900	4,982,454,900	1.11
2015	3,358,581,200	1,312,217,000	356,639,200	5,027,437,400	1.11
2016	3,383,069,800	1,396,087,500	364,092,500	5,143,249,800	1.11
2017	3,417,070,700	1,395,683,100	364,597,600	5,177,351,400	1.11
2018	3,460,374,300	1,404,744,500	362,786,100	5,227,904,900	1.11
2019	3,503,663,800	1,440,950,200	362,489,500	5,307,103,500	1.11
2020	3,709,717,400	1,535,445,000	367,252,100	5,612,414,500	1.11

Source: Real Estate Assessor, City of Lynchburg, Virginia

(1) Assessed value is as of July 1 of each fiscal year.

(2) Excludes tax-exempt property.

(3) These figures include assessments that qualify for land use exemptions. Title 58.1-3230 through 3244 of the Code of Virginia provides for the assessment of land based on use value rather than market value. Use value is the assessment of the land for a specific purpose and is generally lower than market value. This is a local option statute adopted by the City of Lynchburg.

ASSESSED VALUE OF ALL TAXABLE PROPERTY (1)
LAST TEN FISCAL YEARS

Fiscal Year	Real Property (1)					Personal Property (3)				Machinery and Tools		Total Assessed Value of Taxable Property	Total Direct Tax Rate (8)
	Residential Property (2)(6)	Commercial Property (2)(7)	Public Service Corporation	Total	Tax Rate	Personal Property	Public Service Corporation	Total	Tax Rate	Machinery and Tools (2)	Tax Rate		
2011	\$ 3,346,989,900	\$ 1,616,639,400	\$ 184,591,013	\$ 5,148,220,313	\$ 1.05	\$ 547,011,982 (4)	\$ 26,206,858	\$ 573,218,840	\$ 3.80	\$ 142,664,977 (4)	\$ 3.00	\$ 5,864,104,130	\$ 7.85
2012	3,331,295,800	1,618,203,300	182,357,853	5,131,856,953	1.05	573,684,320 (4)	24,189,993	597,874,313	3.80	159,096,582 (4)	3.00	5,888,827,848	7.85
2013	3,349,936,800	1,636,110,200	184,575,507	5,170,622,507	1.11	586,098,054 (4)	23,632,441	609,730,495	3.80	150,157,140 (4)	3.00	5,930,510,142	7.91
2014	3,323,554,300	1,658,900,600	180,026,914	5,162,481,814	1.11	603,981,655 (4)	25,839,427	629,821,082	3.80	152,877,609 (4)	3.00	5,945,180,505	7.91
2015	3,358,581,200	1,668,856,200	175,223,235	5,202,660,635	1.11	622,453,513 (4)	25,979,883	648,433,396	3.80	155,103,327 (4)	3.00	6,006,197,358	7.91
2016	3,383,069,800	1,760,180,000	185,088,590	5,328,338,390	1.11	625,528,817 (4)	28,004,949	653,533,766	3.80	159,879,989 (4)	3.00	6,141,752,145	7.91
2017	3,417,070,700	1,760,280,700	188,976,706	5,366,328,106	1.11	658,107,572 (4)	26,479,912	684,587,484	3.80	158,933,643 (4)	3.00	6,209,849,233	7.91
2018	3,460,374,300	1,767,530,600	193,804,645	5,421,709,545	1.11	676,603,014 (4)	31,249,795	707,852,809	3.80	169,680,373 (4)	3.00	6,299,242,727	7.91
2019	3,503,663,800	1,803,439,700	205,907,581	5,513,011,081	1.11	718,416,481 (4)	26,991,933	745,408,414	3.80	175,657,733 (4)	3.00	6,434,077,228	7.91
2020	3,709,717,400	1,902,697,100	200,755,250	5,813,169,750	1.11	606,792,709 (5)	33,531,033	640,323,742	3.80	153,334,451 (5)	3.00	6,606,827,943	7.91

Sources: Real Estate Assessor and Commissioner of Revenue, City of Lynchburg, Virginia

(1) Assessed value is as of July 1 of the fiscal year noted.

(2) Real estate and machinery and tools are assessed at 100% of fair market value.

(3) Effective July 1, 1989, personal property is assessed at 100% of average trade-in value.

(4) These figures have been updated to reflect all billings associated with the levy.

(5) 2020 Personal Property Tax Levy in FY 2020. These figures only reflect two of the four billings associated with this levy. These figures will be updated in FY 2021 to reflect all four billings.

(6) These figures are net of land use exemptions. Title 58.1-3230 through 3244 of the Code of Virginia provides for the assessment of land based on use value rather than market value.

Use value is the assessment of the land for a specific purpose and is generally lower than market value. This is a local option statute adopted by the City of Lynchburg.

(7) Commercial property also includes industrial property.

(8) When a government's individual direct rates apply to the same proportion of the revenue base, and does not apply to only a portion (such as residential, commercial, industrial) the Total Direct Rate is the sum of individual direct rates.

PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2020				2011			
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2020 Total Tax Levy	Percentage of Total Tax Levy	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
AEP - American Electric Power	Utility	\$ 103,468,552	1	1.57 %	\$ 1,154,442	1.27 %	\$ 70,462,662	1	1.22 %
Frito Lay, Inc.	Food Manufacturer	58,926,649	2	0.89	1,285,951	1.41	44,497,521	6	0.77
Framatome (fmr Areva NP, Inc.)	Nuclear Power Design & Fuel	51,338,951	3	0.78	1,103,713	1.21	61,630,367	3	1.07
River Ridge, Ltd.	Shopping Mall	44,246,613	4	0.67	492,599	0.54	54,815,400	4	0.95
Columbia Gas of Virginia, Inc.	Utility	36,635,575	5	0.55	406,696	0.45	-	-	-
Wal-Mart Real Estate Business Trust	Retail	35,096,171	6	0.53	447,192	0.49	35,151,800.00	8	0.61
Verizon Va, Inc.	Utility	34,143,812	7	0.52	381,932	0.42	62,451,032	2	1.08
REA Lynchburg LLC	Apartments	33,253,595	8	0.50	371,858	0.41	-	-	-
J Crew Inc.	Clothing	26,601,847	9	0.40	503,908	0.55	-	-	-
Gardens on Timberlake LLC (fmr Carriage Sq)	Apartment complex	23,527,500	10	0.36	261,155	0.29	-	-	-
C.B. Fleet Co.	Pharmaceuticals	23,213,324	11	0.35	460,594	0.51	-	-	-
Genworth Financial, Inc.	Life Insurance	22,104,989	12	0.33	459,294	0.50	40,030,206	7	0.69
CCRC, Inc.	Nursing Home/Assisted Living	21,270,251	13	0.32	243,136	0.27	18,802,100	10	0.33
LU Candles Station Holdings LLC	Shopping Center	21,145,000	14	0.32	234,710	0.26	21,085,400	9	0.36
Vistas LP	Apartments	20,309,000	15	0.31	225,430	0.25	-	-	-
Azdel Inc	Thermoplastic manufacturer	19,802,029	16	0.30	426,227	0.47	-	-	-
700 Main Street LLC (Pacific Life Insurance)	Office building	18,008,370	17	0.27	260,301	0.29	-	-	-
MMAC FCA (fmr Central Virginia Prof)	Medical Office	17,500,000	18	0.26	194,250	0.21	-	-	-
Virginian Hotel	Hotel/conference center	16,682,636	19	0.25	203,567	0.22	-	-	-
IREIT Lynchburg Lakeside LLC	Shopping Center	16,367,300	20	0.25	181,677	0.20	-	-	-
CL Overlook LP	Apartments	14,865,600	21	0.23	165,008	0.18	-	-	-
Lynchburg Hotel Group	Hotels	14,630,311	22	0.22	182,042	0.20	-	-	-
Eleven 25 of Virginia	Apartments	14,488,400	23	0.22	148,249	0.16	-	-	-
Lynchburg (Wards Crossing) LLC	Retail	14,150,000	24	0.21	157,065	0.17	-	-	-
L3 Harris Corp.	Radio communications	13,489,052	25	0.20	150,050	0.16	-	-	-
LSC Communications (fmr RR Donnelley)	Periodical Publication Printing	-	26	0.00	-	0.00	50,014,221	5	0.86
Total		\$ 715,265,527		10.83 %	\$ 10,101,046	11.08 %	\$ 458,940,709		7.94 %
Total Assessed Valuation:		\$ 6,606,827,943					\$ 5,785,248,517		
Tax Levy:									
Real Estate		\$ 62,266,060							
Railroads and Pipelines		267,686							
Public Service Corporations		2,342,654							
Personal Property		26,273,162							
Total Tax Levy:		\$ 91,149,562							

Source: Real Estate Assessor and Commissioner of Revenue, City of Lynchburg, Virginia

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Levied for the Fiscal Year (1)	Adjustments (2)	Adjusted Levy	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections (4)	Total Collections to Date	
				Amount	Percentage of Levy (3)		Amount	Percentage of Levy (3)
2011	\$ 75,304,880	\$ 266,634	\$ 75,571,514	\$ 72,759,636	96.62%	\$ 2,795,281	\$ 75,554,917	99.98%
2012	76,467,417	293,875	76,761,292	73,256,961	95.80%	3,483,812	76,740,773	99.97%
2013	80,037,980	319,769	80,357,749	77,536,743	96.87%	2,794,551	80,331,294	99.97%
2014	80,297,119	360,598	80,657,717	78,239,826	97.44%	2,387,880	80,627,706	99.96%
2015	81,223,917	374,863	81,598,780	78,731,871	96.93%	2,730,100	81,461,971	99.83%
2016	82,721,284	181,435	82,902,719	80,478,895	97.29%	2,277,875	82,756,770	99.82%
2017	83,923,034	622,047	84,545,081	81,750,492	97.41%	2,592,088	84,342,580	99.76%
2018	85,534,487	680,378	86,214,865	83,113,348	97.17%	2,808,039	85,921,387	99.66%
2019	87,349,894	954,955	88,304,849	84,635,267	96.89%	2,978,750	87,614,017	99.22%
2020	90,985,488	(410,842)	90,574,646	88,831,389	97.63%	-	88,831,389	98.08%

Source: Chief Financial Officer, City of Lynchburg, Virginia

(1) Total tax levy is calculated based on the sum of the initial Real Estate Tax and Personal Property Tax levies.

(2) Adjustments include supplemental billings and exonerations attributable to the year the tax was levied. The current year only includes exonerations.

(3) These columns represent the amount and percentage of the tax levy within the respective tax year reporting period.

(4) These columns represent collections in subsequent years for the tax levied in the noted fiscal year.

PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(per \$100 of assessed valuation)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Real Estate										
Locally Assessed	\$ 1.05	\$ 1.05	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11
Personal Property										
Locally Assessed	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Machinery and Tools	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Automobiles, Trucks and Business Equipment	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Public Service Corporations										
Equalized	1.05	1.05	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11
Automobiles and Trucks	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Total Direct Tax Rate	7.85	7.85	7.91	7.91	7.91	7.91	7.91	7.91	7.91	7.91

Note: There is no overlapping government taxation.

Source:

City of Lynchburg Adopted Budget Fiscal Year 2020
Commissioner of the Revenue for City of Lynchburg, Virginia www.lynchburgva.gov

**TAXABLE RETAIL SALES AND
TAXABLE RETAIL SALES PER CAPITA**

Fiscal Year	Population (1)	Taxable Retail Sales (2)	Taxable Retail Sales Per Capita (2)
2011	76,448	\$ 1,148,536,650	\$ 15,024
2012	77,203	1,217,552,914	15,771
2013	77,376	1,240,113,906	16,027
2014	77,874	1,279,815,746	16,434
2015	78,675	1,353,815,269	17,208
2016	79,531	1,345,647,515	16,920
2017	80,380	1,373,101,289	17,083
2018	81,339	1,388,422,136	17,070
2019	80,783	1,426,885,543	17,663
2020	80,783	*	*

(1) Weldon Cooper Center for Public Service, University of Virginia www.coopercenter.org

Figures given are the final estimate for that year. Since the estimate for the current fiscal year is not available at this time, the prior year data is given. 2011 through 2019 are all based on calendar year sales published on February 18, 2020.

(2) Weldon Cooper Center for Public Service, University of Virginia <https://ceps.coopercenter.org/taxable-sales>

Information provided courtesy of the Virginia Department of Taxation, information is as of January 31st

* Information unavailable

**WATER AND SEWER RATES
LAST TEN FISCAL YEARS**

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<u>Water</u>										
Volume Rate/hcf*	\$ 2.22	\$ 2.29	\$ 2.38	\$ 2.38	\$ 2.43	\$ 2.43	\$ 2.55	\$ 2.68	\$ 2.68	\$ 2.68
Hydrant charge or 8" or smaller fire line	19.79	19.79	19.79	19.79	19.79	19.79	20.58	20.58	20.58	20.58
10" fire line	35.53	35.53	35.53	35.53	35.53	35.53	36.95	36.95	36.95	36.95
12" fire line	56.38	56.38	56.38	56.38	56.38	56.38	58.64	58.64	58.64	58.64
<u>Sewer</u>										
Volume Rate/hcf*	\$ 5.54	\$ 5.65	\$ 5.65	\$ 5.65	\$ 5.65	\$ 5.83	\$ 6.02	\$ 6.02	\$ 6.02	\$ 6.02

* hundred cubic feet

Monthly Service Charge Table

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<u>Meter Size</u>										
5/8"	\$ 3.69	\$ 3.69	\$ 3.69	\$ 5.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69
3/4"	3.69	3.69	3.69	6.69	9.69	9.69	9.69	9.69	9.69	9.69
1"	3.69	3.69	3.69	8.69	13.69	13.69	13.69	13.69	13.69	13.69
1-1/2"	3.69	3.69	3.69	13.69	23.69	23.69	23.69	23.69	23.69	23.69
2"	3.69	3.69	3.69	19.69	35.69	35.69	35.69	35.69	35.69	35.69
3"	3.69	3.69	3.69	33.69	63.69	63.69	63.69	63.69	63.69	63.69
4"	3.69	3.69	3.69	63.69	123.69	123.69	123.69	123.69	123.69	123.69
6"	3.69	3.69	3.69	123.69	243.69	243.69	243.69	243.69	243.69	243.69
8"	3.69	3.69	3.69	183.69	363.69	363.69	363.69	363.69	363.69	363.69
10"	3.69	3.69	3.69	303.69	603.69	603.69	603.69	603.69	603.69	603.69

Source: Director of Water Resources, City of Lynchburg, Virginia.

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

(dollars expressed in thousands, except for per capita amounts)

Fiscal Year	Governmental Activities						Business-type Activities					Total Primary Government (Principal Only)	Total Primary Government - Net Outstanding Debt Ratios		
	General Obligation Bonds	Direct Borrowings ⁽¹⁾	General Obligation Notes	Note Payable and Other	Capital Leases	Net Deferred Amounts ⁽²⁾	General Obligation Bonds	Direct Borrowings ⁽¹⁾	General Obligation Notes	Public Utility Revenue Bonds	Net Deferred Amounts ⁽²⁾		Total Primary Government - Net (Includes Net Deferred Amounts)	Percentage of Personal Income ⁽³⁾	Total Primary Government - Net Bonded Debt Per Capita ⁽³⁾
2011	\$ 129,807	\$ -	\$ -	\$ 2,300	\$ 4,723	\$ 3,251	\$ 68,005	\$ -	\$ -	\$ 125,601	\$ 2,150	\$ 330,436	\$ 335,837	12.88%	\$ 4,393
2012	120,078	-	-	2,120	4,285	3,007	63,936	-	80	127,973	2,000	318,472	323,479	11.91%	4,190
2013	114,209	-	-	1,940	-	2,763	59,864	-	5,194	122,876	1,849	304,083	308,695	11.42%	3,990
2014	114,519	-	-	1,760	-	2,424	56,083	-	7,159	117,270	1,711	296,791	300,926	10.66%	3,864
2015	186,515	-	-	1,580	-	11,087	70,415	-	-	111,236	2,871	369,746	383,704	13.14%	4,877
2016	191,848	-	-	1,400	-	12,877	76,395	-	-	104,998	4,722	374,641	392,240	13.16%	4,932
2017	180,737	-	-	1,220	-	12,143	71,917	-	-	99,530	4,483	353,404	370,030	11.94%	4,604
2018	169,882	12,496	183	4,978	-	12,610	79,953	1,400	618	93,217	5,709	362,727	381,046	11.60%	4,685
2019	160,508	10,851	2,457	3,500	-	11,792	76,582	1,130	5,619	118,825	5,412	379,472	396,676	12.16%	4,910
2020	173,528	9,188	551	3,063	-	14,594	72,970	856	81	113,934	5,914	374,171	394,679	12.10%	4,886

Source: Chief Financial Officer, City of Lynchburg, Virginia.

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

The City of Lynchburg is autonomous and entirely independent of any county or any other political subdivision of the Commonwealth of Virginia.

Therefore, there is no direct and no overlapping debt related to governmental activities.

(1) Direct Borrowings were split out from General Obligation Bonds starting with FY 2018 to meet GASB 88 disclosure requirements.

(2) Net Deferred Amounts include Premiums and Discounts.

(3) See Table 25 for population and per capita personal income information. For FY 2020 and FY 2019, the FY 2018 amount for per capita personal income of \$40,374 was utilized to calculate the Percentage of Personal Income.

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING,
LAST TEN FISCAL YEARS**

(dollars in thousands, except per capita)

Fiscal Year	Population (1)	Assessed Valuation (in thousands) (1)	Gross Bonded Debt (2)	Net Deferred Amounts (3)	Net Bonded Debt (Includes Net Deferred Amounts)	Net Bonded Debt To Assessed Value (Includes Net Deferred Amounts)	Net Bonded Debt Per Capita (Includes Net Deferred Amounts)	Bonded Debt Payable From Enterprise Fund Revenues (4)	Net Deferred Amounts Enterprise Funds (4)	Net Bonded Debt Governmental Funds Only (4)	Net Bonded Debt Governmental Funds Only To Assessed Value (Includes Net Deferred Amounts) (4)
2011	76,448	\$ 5,864,104	\$ 202,535	\$ 5,401	\$ 207,936	3.55%	\$ 2,720	\$ 68,005	\$ 2,150	\$ 137,781	2.35%
2012	77,203	5,888,828 (5)	188,379	5,007	193,386	3.28%	2,505	64,016	2,000	127,370	2.16%
2013	77,376	5,930,510 (5)	179,267	4,612	183,879	3.10%	2,376	65,058	1,849	116,972	1.97%
2014	77,874	5,945,181 (5)	177,761	4,135	181,896	3.06%	2,336	63,242	1,711	116,943	1.97%
2015	78,675	6,006,197 (5)	256,930	13,958	270,888	4.51%	3,443	70,415	2,871	197,602	3.29%
2016	79,531	6,141,752 (5)	268,243	17,599	285,842	4.65%	3,594	76,395	4,722	204,725	3.33%
2017	80,380	6,209,849 (5)	252,654	16,626	269,280	4.34%	3,350	71,917	4,483	192,880	3.11%
2018	81,339	6,299,243 (5)	264,532	18,319	282,851	4.49%	3,477	81,971	5,709	195,171	3.10%
2019	80,783	6,434,077 (5)	257,147	17,204	274,351	4.26%	3,396	83,331	5,412	185,608	2.88%
2020	80,783	6,606,828 (6)	257,174	20,508	277,682	4.20%	3,437	73,907	5,914	197,861	2.99%

Source: Chief Financial Officer, City of Lynchburg, Virginia.

(1) See Table 14 for Assessed Valuations and Table 25 for population information.

(2) Includes governmental and business type activity general obligation principal only and excludes City of Lynchburg Public Utility revenue bonds.

(3) Net Deferred Amounts include Premiums and Discounts.

(4) Per City Council Adopted Debt Policies, total tax-supported debt will not exceed 4.5% of the net assessed valuation of taxable property in the City of Lynchburg.

For the purpose of this policy, tax-supported obligations are defined as those that are expected to be repaid from General Fund tax revenue of the City of Lynchburg.

These include general obligation bonds (except self-supporting bonds) and capital leases. General obligation bonds issued for self-supporting enterprise funds are not included in the calculations of tax-supported bonds.

The City is including a ratio of Governmental Fund debt only to prove adherence to internal debt policies.

(5) These figures have been updated to reflect all billings associated with the personal property tax levy.

(6) These figures only reflect two of the four billings associated with the personal property tax levy.

These figures will be updated in FY 2021 to reflect all four billings.

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

**LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS**
(dollars in thousands)
Legal Debt Margin Calculation for Fiscal Year 2020

Real Property Assessed Value	\$ 5,612,415
Public Service Corporations Real Property Assessed Value	200,755
Total Real Property Assessed Value (1)	<u>5,813,170</u>
Debt limit (10% of assessed value)	581,317
Debt applicable to limit:	
Less: General Obligation Debt	(257,174)
Legal Debt Margin	<u><u>\$ 324,143</u></u>

Description	Fiscal Years									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 514,821	\$ 513,186	\$ 517,062	\$ 516,248	\$ 520,266	\$ 532,834	\$ 536,633	\$ 542,171	\$ 551,301	\$ 581,317
Total net debt applicable to limit	<u>197,812</u>	<u>184,094</u>	<u>179,267</u>	<u>177,761</u>	<u>256,930</u>	<u>268,243</u>	<u>252,654</u>	<u>264,532</u>	<u>257,147</u>	<u>257,174</u>
Legal debt margin	<u>\$ 317,009</u>	<u>\$ 329,092</u>	<u>\$ 337,795</u>	<u>\$ 338,487</u>	<u>\$ 263,336</u>	<u>\$ 264,591</u>	<u>\$ 283,979</u>	<u>\$ 277,639</u>	<u>\$ 294,154</u>	<u>\$ 324,143</u>
Total net debt applicable to the limit as a percentage of the debt limit	38.42%	35.87%	34.67%	34.43%	49.38%	50.34%	47.08%	48.79%	46.64%	44.24%

Source: Chief Financial Officer, City of Lynchburg, Virginia.

(1) See Table 14 for Real Property Assessed Value information.

Note: The Constitution of Virginia, Article 7, Section 10(a) sets forth the City's legal debt limit at ten percent (10%) of its assessed valuation of real estate subject to taxation for the City's issuance of any bonds or other interest-bearing obligations. In August 1999, City Council adopted a Debt Management Policy that limits tax-supported debt to five percent (5%) of its assessed valuation of real estate subject to taxation. In December 2006, City Council amended the Debt Management Policy that limits tax-supported debt to four and a half percent (4.5%) of its assessed valuation of real estate subject to taxation. All debt information included in this Table includes principal only as required by Virginia law.

**PLEDGED REVENUE COVERAGE SEWER
LAST TEN FISCAL YEARS**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sewer Fund Operating Income	\$ 3,627,699	\$ 3,156,073	\$ 4,194,605	\$ 3,613,392	\$ 3,013,600	\$ 3,450,629	\$ 4,269,364	\$ 4,000,011	\$ 4,384,930	\$ 3,474,334
Plus:										
Depreciation & amortization	5,035,336	5,819,288	6,147,918	7,049,861	7,584,388	7,635,836	7,888,946	7,898,587	8,037,676	8,131,718
Interest income received	173,319	167,849	102,589	108,729	73,142	85,086	124,705	241,852	409,567	350,086
Capital contributions from members										
Regional Sewerage Treatment Plant	474,581	451,645	480,922	614,353	1,015,339	525,856	616,250	549,989	504,507	1,027,533
Governmental grants & miscellaneous income	108,936	125,336	105,666	21,929	10,400	11,821	19,824	47,687	47,717	270,958
Intergovernmental transfer (3)	-	688,036	-	126,734	126,734	126,734	-	-	-	-
Capitalized cost (2)	229,662	258,186	220,691	159,026	151,044	131,088	163,662	135,257	103,546	114,211
Net Revenue per Indenture (1)	<u>\$ 9,649,533</u>	<u>\$ 10,666,413</u>	<u>\$ 11,252,391</u>	<u>\$ 11,694,024</u>	<u>\$ 11,974,647</u>	<u>\$ 11,967,050</u>	<u>\$ 13,082,751</u>	<u>\$ 12,873,383</u>	<u>\$ 13,487,943</u>	<u>\$ 13,368,840</u>
Debt Service										
General obligation bonds										
Principal (5) (6)	\$ 2,259,476	\$ 2,061,150	\$ 2,053,469	\$ 1,860,166	\$ 1,962,544	\$ 1,990,110	\$ 2,059,474	\$ 1,863,830	\$ 1,607,228	\$ 1,384,934
Interest	1,139,108	1,053,216	961,054	908,213	1,058,566	1,046,664	891,725	987,085	1,052,708	1,100,070
Total	3,398,584	3,114,366	3,014,523	2,768,379	3,021,110	3,036,774	2,951,199	2,850,915	2,659,936	2,485,004
Revenue bonds										
Principal (4)	3,757,168	4,627,820	5,096,949	5,597,966	6,034,143	6,238,057	6,274,745	6,312,571	6,351,572	5,816,174
Interest	338,122	306,510	273,917	240,312	210,084	174,501	137,815	99,989	60,988	20,775
Total	4,095,290	4,934,330	5,370,866	5,838,278	6,244,227	6,412,558	6,412,560	6,412,560	6,412,560	5,836,949
Total Debt Service Principal and Interest	<u>\$ 7,493,874</u>	<u>\$ 8,048,696</u>	<u>\$ 8,385,389</u>	<u>\$ 8,606,657</u>	<u>\$ 9,265,337</u>	<u>\$ 9,449,332</u>	<u>\$ 9,363,759</u>	<u>\$ 9,263,475</u>	<u>\$ 9,072,496</u>	<u>\$ 8,321,953</u>
Debt Coverage	<u>1.29</u>	<u>1.33</u>	<u>1.34</u>	<u>1.36</u>	<u>1.29</u>	<u>1.27</u>	<u>1.40</u>	<u>1.39</u>	<u>1.49</u>	<u>1.61</u>

(1) On August 19, 1994, the Virginia Department of Environmental Quality (VDEQ) issued the City a discharge permit and a special Consent Order which established a compliance schedule and project priorities for implementation of a Combined Sewer Overflow (CSO) Control Plan. The compliance schedule did not contain fixed dates for finished CSO Control Plan Projects for achieving complete sewer system separation, but rather provided implementation that reflects the City's financial capability. On July 31, 2015, VDEQ issued a revised Consent Special Order which significantly changed the CSO Long Term Control Plan that includes an alternate list of projects. The former Consent Order included a debt coverage requirement for determining City's financial capability within an annual range of 1.1 to 1.5. The revised Consent Order includes a debt coverage ratio requirement within a range of 1.1 to 1.5 computed under a rolling three year average.

(2) Capitalizable cost includes internal labor charges applicable to time spent on capital project activities.

(3) For FY2012, the General Fund transferred \$688,036 to the Sewer Fund for maintenance and operation of the City's storm sewer system. For FY2014, FY2015, and FY2016, the Stormwater Operating Fund transferred \$126,734 to the Sewer Operating Fund which were annual installments to reimburse the Sewer Operating Fund for Stormwater Operating Fund's set up costs.

(4) For FY2014, the deletions in Note 9 for Public Utility Revenue Bonds are comprised of debt service payments of \$5,597,966 and a write down of \$7,779 for revenue bond debt.

(5) For FY2020, the payment of \$2,125,000 for the defeased August 13, 2009 Series B Bonds were excluded from Debt Service.

(6) For FY2020, Bond Anticipation Note of \$6,645,700 was paid with the issuance of January 30, 2020 General Obligation Bonds and therefore was excluded from Debt Service.

**PLEDGED REVENUE COVERAGE STORMWATER
LAST TWO FISCAL YEARS**

	2019	2020
Stormwater Fund Operating Income	\$ 330,011	\$ 179,840
Plus:		
Depreciation & amortization	275,261	295,876
Interest income received	60,794	39,235
Governmental grants & miscellaneous income	-	3,203
Intergovernmental transfer (1)	(337,500)	-
Capitalized cost (2)	33,883	48,319
Net Revenue per Indenture	<u>\$ 362,449</u>	<u>\$ 566,473</u>
Debt Service		
General obligation bonds		
Principal	\$ -	\$ -
Interest	106	28,374
Total	106	28,374
Revenue bonds		
Principal	40,331	67,142
Interest	-	-
Total	40,331	67,142
Total Debt Service Principal and Interest	<u>\$ 40,437</u>	<u>\$ 95,516</u>
Debt Coverage	<u>8.96</u>	<u>5.93</u>

(1) For FY2019, the Stormwater Fund transferred \$337,500 to the General Fund to help mitigate cost impacts related to the August 2, 2018 Flood Event.

(2) Capitalizable cost includes internal labor charges applicable to time spent on capital project activities.

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)
2011	76,448	\$ 2,606,647	\$ 34,097	30.3	8,646	6.6
2012	77,203	2,716,619	35,188	30.3	8,688	6.1
2013	77,376	2,703,904	34,945	30.3	8,576	5.7
2014	77,874	2,822,387	36,243	30.3	8,583	5.3
2015	78,675	2,919,393	37,107	30.3	8,577	4.5
2016	79,531	2,981,458	37,488	30.3	8,566	4.1
2017	80,380	3,099,453	38,560	30.3	8,500	3.7
2018	81,339	3,283,981	40,374	30.3	8,438	3.0
2019	80,783	*	*	30.3	8,286	2.8
2020	80,783	*	*	30.3	8,238	8.1

Source: Chief Financial Officer, City of Lynchburg, Virginia.

(1) Weldon Cooper Center for Public Service, University of Virginia www.coopercenter.org

Figures given are the final estimate for that year. Since the estimate for the current fiscal year is not available at this time, the prior year data is given. 2011 through 2019 based on a July 1st estimate published on January 28, 2019.

(2) U.S. Department of Commerce, Economic and Statistic Administration, Bureau of Economic Analysis
Per Capita Personal Income multiplied by Population.

Annual dollars revised due to revisions in Per Capita Personal Income (see note 3 below).

(3) U.S. Department of Commerce, Economic and Statistic Administration, Bureau of Economic Analysis
Report MAINC1 - Personal Income Summary:

<https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=7#reqid=70&step=1&isuri=1&acrdn=7>
MSA Map corroborates 2018 number - <https://apps.bea.gov/regional/bearfacts/action.cfm>

The information was last updated November 14, 2019.

The Table has been revised to reflect these changes.

(4) United States Census - 2010

(5) Virginia Department of Education reported by Lynchburg City Schools. Enrollment as of September 30 for each year. These figures were previously reported based on preliminary information provided by Lynchburg City Schools and have been updated with the information available from the Virginia Department of Education. The figures given are as of September 30 of the prior year. <https://p1pe.doe.virginia.gov/apex/f?p=180:1:7684774037451:::>

(6) Virginia Employment Commission & U.S. Department of Labor, Bureau of Labor Statistics, as of September 30, 2020
2011-2020 Unemployment Rate have been adjusted to reflect the most current data available.

* Information unavailable

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2020	2011
	Employees (3)	Employees (4)
Liberty University (2)(5)	8000 +	3,422
Centra Health, Inc.	5000-5999	5,300
Lynchburg City Schools	1500-1999	1,606
City of Lynchburg	1000-1499	1,193
Framatome (9)	1000-1499	1,928
Genworth Financial Inc.	1000-1499	1,600
J. Crew Outfitters	1000-1499	1,350
Central Virginia Community College	500-999	
Horizon Behavioral Health (1)	500-999	763
KDC (7)	500-999	
Kroger, Inc.	500-999	
Southern Air, Inc.	500-999	
Wal-Mart Stores, Inc.	500-999	672
C.B. Fleet Company, Inc.	250-499	
Cocentrix	250-499	
Delta Star, Inc.	250-499	
Flowserve Corp.	250-499	
Frito-Lay, Inc.	250-499	
L3Harris	250-499	
Pacific Life	250-499	
Randolph College	250-499	
University of Lynchburg (6)	250-499	630
US Pipe	250-499	
Westminster-Canterbury	250-499	
Aerofin Corporation	100-249	
Bausch & Lomb	100-249	
BB&T	100-249	
Belvac Production Machinery	100-249	
BWXT (10)	100-249	
Flowers Baking Company	100-249	
Hanwha Azdel	100-249	
International Paper (8)	100-249	
Lowe's	100-249	
News & Advance	100-249	
Ortho Virginia	100-249	
Parker-Hannifin	100-249	
Tessy Plastics	100-249	
Thomas Road Baptist Church	100-249	
Virginia Department of Transportation	100-249	
Wells Fargo Bank	100-249	
WSET	100-249	
Employed Civilian Labor Force (June 2020) Lynchburg City - Virginia		
Employment Commission		32,116
Employed Civilian Labor Force (June 2011) Lynchburg City - Virginia		
Employment Commission		32,488

Source: FY2020 numbers are derived from Office of Economic Development, City of Lynchburg, VA, or employer contact, as of June 30, 2020.

Source: FY2011 numbers are derived from City of Lynchburg CAFR.

(1) Formerly Central Virginia Community Services

(2) Liberty University operates an online higher education institution, and as a result a number of employees live outside of the City.

(3) Beginning in FY2013 ranges were used for employee count due to privacy issues, as well as availability of data from employers.

(4) Numbers as reported in the FY2011 Comprehensive Annual Financial Report.

(5) Combined numbers for TRBC and Liberty University for 2011

(6) Formerly Lynchburg College

(7) Formerly Tri-Tech Laboratories

(8) Formerly Weyerhaeuser

(9) Formerly Areva

(10) Formerly Babcock & Wilcox

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Functions/Programs	Full-Time Equivalent Employees as of June 30									
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Adopted
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 ⁽¹⁾
Primary government:										
Council Manager Offices	8.0	8.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	6.0
Parking Division	4.5	4.5	5.0	5.0	5.7	5.7	5.7	5.7	5.7	5.7
City Assessor	10.3	10.0	10.0	9.6	9.6	9.0	9.0	9.0	9.0	9.0
City Attorney	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	7.9	7.9
Commissioner of Revenue (State)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Commissioner of Revenue (City)	6.4	4.4	4.4	4.4	4.4	4.4	4.6	4.6	4.6	4.6
Communications and Public Engagement	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Local Government Channel	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Citizens First Customer Service Center	3.5	3.5	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Financial Services	42.3	42.0	42.0	41.7	41.7	41.7	40.7	39.0	39.0	38.5
Financial Services-Human Services ⁽²⁾	9.8	8.8	7.8	6.0	5.7	5.7	-	-	-	-
Human Resources	10.0	10.0	10.0	10.0	9.6	9.6	9.6	9.5	9.6	8.7
Information Technology	31.0	31.0	30.0	30.0	30.0	32.0	32.0	32.0	33.8	33.8
Internal Audit ⁽³⁾	2.0	2.0	-	-	-	-	-	-	-	-
Registrar and Electoral Board (State)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5
Registrar and Electoral Board (City)	1.3	1.3	1.3	1.5	1.5	1.5	1.5	1.5	1.5	1.5
State Treasurer (State)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
State Treasurer (City)	-	-	-	-	-	-	-	0.7	0.7	0.8
Risk Management Fund	3.1	3.0	3.0	3.0	2.9	2.9	2.9	3.1	3.1	3.1
Circuit Court Clerk (State)	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Circuit Court Clerk (City)	-	-	-	-	-	-	-	1.0	1.0	1.0
Circuit Court Judges	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Commonwealth Attorney (State)	15.5	15.9	14.9	14.9	15.2	14.0	14.0	14.0	14.0	14.0
Commonwealth Attorney (City)	1.0	0.8	2.8	2.8	1.7	2.2	5.7	4.8	3.8	4.8
Sheriff (State)	22.0	23.0	23.0	22.0	22.0	22.0	21.0	19.0	18.0	17.0
Sheriff (City)	6.9	7.4	7.4	8.6	8.0	8.4	8.4	8.3	8.4	10.7
Regional Juvenile Detention Center Fund	47.3	47.3	46.1	45.1	45.1	45.1	41.1	44.1	44.1	45.1
Police Department	202.7	202.7	197.9	199.8	199.8	200.8	204.3	204.0	207.1	207.1
Emergency Services	35.0	32.0	35.0	35.6	35.6	36.6	36.6	36.6	36.6	36.6
Fire Department	187.0	187.0	185.0	187.5	187.5	189.5	189.5	189.5	189.5	189.5
Public Works Administration	11.0	11.0	10.0	10.0	10.7	10.7	10.0	10.0	10.0	10.0
Buildings and Grounds Maintenance	73.7	76.2	71.8	72.3	72.3	74.2	74.3	74.3	74.3	72.3
Engineering Division	31.2	32.7	30.8	30.7	31.2	32.2	32.2	32.7	32.7	33.7
Street, Traffic, and Refuse Maintenance	50.4	52.4	52.2	47.5	48.5	46.3	47.0	46.2	46.2	46.9
Health and Human Services	168.5	169.9	164.4	170.1	167.9	170.5	176.3	173.3	175.3	175.3
Cultural and Recreational	99.1	96.7	91.2	97.4	94.6	97.0	95.0	94.0	85.2	91.8
Community Development	24.8	23.8	22.1	22.0	22.0	23.0	23.0	23.8	23.8	24.3
Economic Development, Tourism, and Visitor Center ⁽⁴⁾	-	-	-	-	-	12.3	12.3	9.8	19.8	18.7
Economic Development ⁽⁴⁾	3.0	3.0	3.0	3.0	3.0	-	-	-	-	-
Tourism and Visitor Center ⁽⁴⁾	-	-	-	3.9	11.8	-	-	-	-	-
Fleet Services Fund	11.5	11.0	11.5	10.5	11.0	10.6	11.1	11.4	11.4	11.4
Business-type activities:										
Airport Fund	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7	18.3	18.3
Water Fund	67.4	68.4	66.1	69.1	69.0	70.4	72.4	73.4	75.4	77.4
Sewer Fund	50.0	55.0	50.4	52.5	52.5	53.5	55.5	55.5	56.5	56.5
Stormwater Fund ⁽⁵⁾	-	-	5.8	5.8	7.1	7.1	9.1	9.0	10.1	10.1
Source: Adopted Budget Documents, City of Lynchburg, Virginia	1,294.8	1,299.3	1,269.0	1,285.9	1,291.2	1,302.5	1,309.4	1,304.4	1,316.4	1,325.6

(1) FY2020 actual will be available with the FY2022 adopted budget.

(2) Financial Services-Human Services joined with Health and Human Services in FY2017.

(3) Internal Audit was closed in FY2013.

(4) Tourism and Visitor Center were formed in FY2014 and joined with Economics Development in FY2016.

(5) The Stormwater Fund began in FY2013.

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Physical Arrests (6)	7,039	6,879	6,835	5,927	5,435	5,047	4,608	4,614	5,084	5,014
Traffic Violations	11,437	12,506	12,483	10,366	10,344	8,581	5,667	5,887	6,064	5,746
Parking Violations (7)	3,943	6,338	4,481	4,854	6,812	5,718	6,642	5,916	5,807	4,954
Fire (2)										
Number of Fire calls answered (per month)	574	511	315	268	241	277	296	284	175	220
Number of inspections conducted (3) (4) (5)	767	469	254	291	192	441	332	465	587	519
Number of EMS calls	14,731	14,393	20,612	20,113	19,426	19,169	19,296	15,509	11,776	12,190
Sanitation and Refuse										
Refuse collected (tons/day)	69.74	70.14	72.96	65.58	55.70	63.17	65.37	65.50	69.53	61.27
Recyclables collected (tons/day)	7.31	6.85	6.46	5.26	4.10	7.09	6.04	5.27	4.27	5.59
Airport										
Total number of passengers	169,174	152,064	157,450	157,074	153,729	154,218	159,523	157,452	172,449	147,139
Sewage										
Number of service connections (1)	18,706	18,785	18,916	19,057	19,060	19,083	19,149	19,186	19,363	19,493
Average daily treatment in million gallons	11.09	10.57	10.35	12.20	11.33	12.97	11.19	11.53	14.80	12.71
Maximum daily average capacity of treatment plant in million gallons	22	22	22	22	22	22	22	22	22	22
Maximum daily capacity of treatment plant in million gallons	44	44	44	44	44	44	44	44	44	44
Water										
Number of service connections (1)	22,361	22,422	22,517	22,628	22,640	22,716	22,786	22,807	22,982	23,119
Average daily consumption of plant in million gallons	11	10	10	10	10	11	11	10	10	10
Maximum daily capacity of plant in million gallons	26	26	26	26	26	26	26	26	26	26

Source: City Departments, City of Lynchburg, Virginia

(1) The amounts for FY2012 have been revised to exclude stormwater accounts.

(2) The City implemented an enhanced reporting system in FY2013. The new system more accurately reports fire calls, inspections and EMS calls.

(3) In FY2012, number of inspectors in the Fire Marshal's Office dropped from 4 to 3 and in FY2015 the number dropped from 3 to 2 due to retirement.

(4) In FY2016, the Fire department trained additional field employees to conduct inspections and the inspections were conducted off-duty with paid overtime funds.

(5) In FY2017, fewer field employees were available to conduct off-duty inspections due to staffing issues.

(6) Physical arrests are considered incidents in which individuals are physically detained and brought into the police station.

(7) Parking violations include violations from Parking Management and the Police Department.

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units (7)	57	57	57	57	60	83	91	81	116	114
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection Trucks	16	16	22	22	20	20	19	21	19	18
Highways and Streets										
Street (miles)	378.26	378.61	378.61	379.36	378.10	378.95	378.95	381.32	381.32	383.53
Streetlights	9,982	9,982	10,167	10,287	10,347	10,347	10,378	10,504	10,521	10,535
Traffic signals	119	119	120	120	121	120	116	113	113	113
Culture and Recreation										
Community centers	7	7	6	7	7	7	6	6	6	7
Senior centers	1	1	1	1	1	1	1	1	1	1
Parks (10)	21	21	21	21	21	21	21	21	21	21
Parks acreage (1)	948	948	948	948	948	948	948	948	948	953
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts (2)	40	40	40	40	40	40	40	40	40	40
Gymnasiums	7	7	7	7	7	7	7	7	7	7
Sewage system										
Storm sewers (miles) (3)	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped
Water										
Fire hydrants	3,111	3,156	3,177	3,204	3,210	3,230	3,253	3,289	3,303	3,347
Storage capacity (thousands of gallons)	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Sewer										
Average daily sewage treatment (MGD)	11.09	10.57	10.35	12.20	11.33	12.97	11.19	11.53	14.80	12.71
Maximum daily sewage treatment (MGD)	29.54	31.68	31.03	39.07	30.47	38.82	32.95	47.04	55.40	33.80
Transit - route service buses (4)	38	39	39	39	39	39	39	39	39	39
Transit - paratransit service buses (5)	11	10	14	14	14	17	13	13	13	13
Facility and service not included in the reporting entity:										
Education										
Number of elementary schools (6)	11	11	11	11	11	11	11	11	11	11
Number of secondary schools	5	5	5	5	5	5	5	5	5	5
Number of community colleges	1	1	1	1	1	1	1	1	1	1
Number of universities or colleges	4	4	4	4	4	4	4	4	4	4
Hospitals										
Number of hospitals	2	2	2	2	2	2	2	2	2	2
Number of patient beds (8)	519	519	519	519	519	519	519	519	519	519

Source: City Departments, City of Lynchburg, Virginia

- (1) Including Blackwater Creek Natural Area.
- (2) 10 locations with a total of 40 courts - including schools.
- (3) Mapping is under development. Complete information is not available.
- (4) The increase in the number of route service buses is due to additional route covered according to the agreement with Liberty University.
- (5) GLTC purchased new paratransit buses to better serve the elderly population.
- (6) Kizer Elementary School used for Special Education, therefore, excluded from total number of elementary schools for reporting purposes.
- (7) Patrol units are defined as vehicles used by the Police department and Animal Control in their daily operations.
- (8) FY2019 reported the number of licensed beds; this amount has been updated to report the actual number of patient beds.

TABLE 30

**CITY OF LYNCHBURG, VIRGINIA
LYNCHBURG CITY SCHOOLS
STUDENT ENROLLMENT, EMPLOYEES AND SCHOOLS BY FISCAL YEAR
LAST TEN YEARS**

Student Enrollment, Employees and Schools by Fiscal Year										
Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Elementary School Membership	3,968	3,987	3,975	4,020	3,921	3,982	3,985	3,839	3,723	3,683
Secondary School Membership	4,359	4,317	4,133	4,171	4,216	4,191	4,270	4,213	4,258	4,250
Total Membership	8,327	8,304	8,108	8,191	8,137	8,173	8,255	8,052	7,981	7,933
Instructional and Administrators (1)	977	851	836	850	967	1,019	994	948	1,003	1,018
Support (1)	466	478	505	458	426	434	479	404	373	389
Total Employees	1,443	1,329	1,341	1,308	1,393	1,453	1,473	1,352	1,376	1,407
Elementary Schools (2)	11	11	11	11	11	11	11	11	11	11
Secondary Schools (3)	5	5	5	5	5	5	5	5	5	5
Total Buildings	16	16	16	16	16	16	16	16	16	16

(1) Includes only full-time equivalent positions funded through the operating budget. For 2010 - 2018, the classification of instruction assistants were not consistent. Beginning with 2019, all instructional assistants are included in the Instructional and Administrators category.

(2) Does not include LAUREL Regional Program, now being used for special education students.

(3) Does not include the Empowerment Academy, an alternative education environment that provides high school students in the need of credit recovery, SOL support, and/or specialized academic assistance with an intimate, individualized instructional setting that will ensure that they achieve their academic and post-graduate goals.

**Actual Average Daily Student Enrollment by Grade and Fiscal Year
(Based on September 30th Actual Enrollment)**

Grade	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
K	696	740	735	732	567	667	670	636	630	664
1	726	705	720	738	719	701	653	664	625	614
2	670	676	662	692	696	677	695	630	626	595
3	620	643	643	619	658	675	675	624	594	610
4	629	615	601	642	638	637	662	653	623	585
5	627	608	614	597	643	625	630	632	625	615
6	605	621	609	604	615	619	630	591	626	604
7	593	586	608	607	608	597	616	609	595	627
8	622	593	567	613	585	597	613	595	601	564
9	642	669	629	599	639	610	641	646	660	636
10	666	580	623	609	596	619	595	623	632	643
11	672	625	534	606	612	591	605	549	587	600
12	559	643	563	533	561	558	570	600	557	576
Total	8,327	8,304	8,108	8,191	8,137	8,173	8,255	8,052	7,981	7,933

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COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Members of the City Council and the City Manager
City of Lynchburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *the Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 1, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed instances of noncompliance or other matters identified as item 2020-001 in the accompanying schedule of findings and questioned costs, that are required to be reported under *Government Auditing Standards*.**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PASSENGER FACILITY
CHARGE PROGRAM AUDIT GUIDE**

To the Honorable Members of the City Council and the City Manager
City of Lynchburg, Virginia

Report on Compliance

We have audited the City of Lynchburg, Virginia's (the "City") compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, for its passenger facility program (the "Program") for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Program.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Compliance

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that are applicable to the Program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the Program. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the Program to determine the auditing procedures for the purpose of expressing an opinion on compliance, and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the Program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. **We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2020

CITY OF LYNCHBURG, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2020

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Comprehensive Services Act
Uniform Disposition of Unclaimed Property Act
Sheriff Internal Controls
Stormwater Utility Program

State Agency Requirements

Education
Social Services
Urban Highway Maintenance

FEDERAL AVIATION ADMINISTRATION COMPLIANCE MATTERS

Passenger Facility Charge Audit Guide for Public Agencies

Requirements of laws and regulations required by the Federal Aviation Administration in relation to the passenger facility charge program.

CITY OF LYNCHBURG, VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2020

A. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

B. FINDINGS – COMMONWEALTH OF VIRGINIA

2020-001: Stormwater Utility Program

Condition:

The Commonwealth of Virginia requires localities to report programs funded by these fees and the expected nutrient and sediment reductions of each program by October 1st of each year. We noted in our testing this report was filed late by the City.

Recommendation:

Steps should be taken to ensure it is filed in a timely manner each year.

Management's Response:

Management concurs with the recommendation.

C. FINDINGS AND QUESTIONED COSTS – PASSENGER FACILITY CHARGE PROGRAM

None.

REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Honorable Members of the City Council
and the City Manager
City of Lynchburg, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lynchburg, Virginia, collectively hereafter referred to as the “City” for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as applicable, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 4, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The useful lives of the capital assets is based on management’s experience, historical experience, and understanding of those assets.
- Health insurance claims incurred but not reported and the workers’ compensation liabilities as of June 30, 2020, are based on data provided by third-party administrators.
- The allowance for uncollectible ambulance accounts receivable is based on management’s evaluation of the balance and their review and evaluation of aged uncollectible accounts. The allowances for all other uncollectible accounts are based on management’s knowledge of the nature of the receivable and historical experience.

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

- The liabilities for local other post-employment benefits is based on actuarial calculations provided by actuaries engaged by the City and a variety of assumptions as disclosed in the notes to the financial statements.
- The net pension and the net OPEB for state administered plans are based on actuarial studies provided by actuaries engaged by the Virginia Retirement System.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements include those related to:

- Capital assets, long-term debt, commitments and contingencies, the liability for landfill closure and post-closure care costs, pension, other post-employment liabilities, and uncertainties related to COVID-19.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments.

Management has determined that the effects of the following unrecorded misstatements are immaterial both individually and in the aggregate, to the financial statements taken as a whole. All amounts are rounded to the nearest thousand.

- Grant receivables understated by approximately \$470,000 and a related understatement of revenue.
- Revision in the calculation of funds due back to the City from a component unit resulting in an understatement in the receivable and the related revenue.
- In prior years, the City changed its policy related to the capitalization of internal engineering costs. The change resulted in an uncorrected misstatement that reduces net position of the governmental and business-type activities by approximately \$1,005,000 and \$1,814,000, respectively. The effects of this misstatement are reduced each year by an insignificant amount of overstated depreciation.
- \$42,000 of unrecorded CARES Act revenue was not recorded in the City/Federal/State Aid Fund due to delayed notification from the pass through agency that certain expenditures incurred before the end of the fiscal year were reimbursable.

Significant Audit Findings (Continued)

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 1, 2020, a copy of which is attached.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) as listed in the table of contents that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matters (Continued)

Cybersecurity Risk Management

In today's environment of increasingly frequent cyber-attacks, ensuring the adequacy of cybersecurity is a critical aspect of board oversight. In addition to significant business disruption, substantial response cost, negative publicity, and reputational harm, cybersecurity breaches can result in litigation, and leaders may face potential liability if they failed to implement adequate steps to protect the organization.

Evidence suggests there may be a gap between the magnitude of exposure presented by cyber-risks and steps many corporate boards have taken to address these risks. Organizational leaders should be asking themselves what they can, and should, be doing to effectively oversee cyber-risk management.

Restriction on Use

This information is intended solely for the information and use of City Council and management of the City of Lynchburg and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2020

Attachment



THE CITY OF LYNCHBURG, VIRGINIA

OFFICE OF THE
CITY MANAGER

900 Church Street, Lynchburg, Virginia 24504
www.lyncburgva.gov
TEL: (434) 455-3990
FAX: (434) 847-1536

December 1, 2020

Brown, Edwards & Company, L.L.P.
Certified Public Accountants
319 McClanahan Street
Roanoke, VA 24014

This representation letter is provided in connection with your audit of the financial statements of the City of Lynchburg, Virginia (the "City"), which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 1, 2020, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 4, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

- a) In prior years, the City changed its policy related to the capitalization of internal engineering costs. The change resulted in an uncorrected misstatement that reduced net position of the governmental and business-type activities by approximately \$1,005,000 and \$1,814,000, respectively. The effects of this misstatement are reduced each year by an insignificant amount of overstated depreciation.
 - b) Due to a revision in the true-up calculation of funds due back to the City from the School board, the School board shows an understatement in due to primary government by approximately \$150,000, and the City shows an understatement of approximately \$150,000 in due from component units.
 - c) Grant receivables understated by approximately \$470,000 and a related understatement of revenue.
 - d) \$42,000 of unrecorded CARES Act revenue was not recorded in the City/Federal/State Aid Fund due to delayed notification from the pass through agency that certain expenditures incurred before the end of the fiscal year were reimbursable.
 - e) An understatement of approximately \$153,000 in the OPEB liability and the related expenses due to the change in proportion in the estimate and the change in the allocation between the Schools and Laurel Regional Program.
 - f) When comparing the management estimate for the self-insurance IBNR liability to claims run-out information and other estimate documentation provided by the Schools third-party administrator, a variance indicating an overstatement of the liability of \$483,000 arises. As disclosed earlier in the letter, this is an estimate and such variances would be expected. However, the variance historically has not been of that magnitude. In addition, management has compared the estimates provided by the external part and believes that, compared to historical claims experience, the external estimate was not sufficient and, thus, has recorded a liability in excess of the estimates provided. Due to the nature of IBNR liabilities in which claims can have a significant lag and the fact that, in many cases, individuals who incur these claims in the summer have already earned the benefit associated with the IBNR as of June 30 the variances is deemed to be immaterial.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
 - 10) Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed.
 - 11) We have provided the planning communication letter to all members of those charged with governance as requested.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management,
 - Employees who have significant roles in internal control,
 - Service organizations used by the entity, or
 - Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

- 17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24) The entity has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the School Board's portion of the financial statements and related notes as well as, the schedule of expenditures of federal awards, the comparative report transmittal form, and the data collection form. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- 31) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34, as amended, and GASB Statement No. 84.

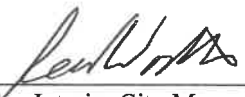
- 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Special and extraordinary items are appropriately classified and reported, if applicable.
- 43) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 44) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 45) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.
- 46) The entity meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
- 47) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 48) We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board Statements (GASBS) that are not yet effective, as discussed in the notes to financial statements. The entity is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.
- 49) We agree with the findings of specialists in evaluating the pension and OPEB liabilities and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 50) We agree with the findings of specialists in evaluating the landfill liability estimate for closure, post-closure costs, the actuaries in determining pension and other post-employment benefits liabilities and disclosures, and the third party administrators in determining the incurred but not reported liabilities, and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 51) We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 52) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 53) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 54) With respect to the supplementary information on which an in-relation-to opinion is issued.

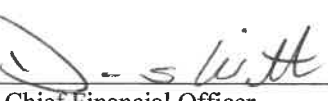
- a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 55) Expenditures of federal awards were below the \$750,000 threshold in the audit period, and we were not required to have an audit in accordance with the Uniform Guidance.
- 56) With respect to federal award programs:
- a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
 - d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
 - f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
 - g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
 - h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
 - i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards
 - j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
 - k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit,

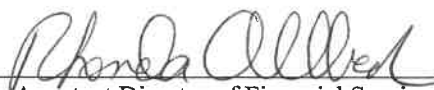
including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
 - m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
 - n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
 - o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
 - q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
 - r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - t) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the requirements of the Uniform Guidance, if applicable.
 - u) We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient., if applicable.
 - v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if applicable.
 - w) We have charged costs to federal awards in accordance with applicable cost principles.
 - x) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
 - y) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
 - z) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
 - aa) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
 - bb) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations, if applicable.
- 57) We reaffirm the representations made to you in our letter dated November 20, 2019 regarding your audit for the fiscal year ended June 30, 2019.
- 58) To the extent our normal procedures and controls related to our financial close or other reporting processes at any of our locations were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

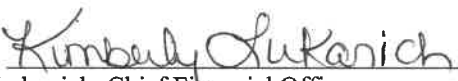
- 59) Other than as disclosed in note 24 to the financial statements, no other impacts from the COVID-19 outbreak are necessary to be reflected in those financial statements.
- 60) Disclosures included in the financial statements regarding the relevant significant business, financial, and reporting impacts of the COVID-19 outbreak accurately reflect management's full consideration of such impacts.

Signature: 
Reid Wodicka, Interim City Manager
City of Lynchburg

Signature: 
Donna Witt, Chief Financial Officer
City of Lynchburg

Signature: 
Rhonda Allbeck, Assistant Director of Financial Services
City of Lynchburg

Signature: 
Crystal Edwards, Superintendent
Lynchburg City Schools

Signature: 
Kimberly Lukanich, Chief Financial Officer
Lynchburg City Schools



To the Honorable Members of City Council
and the City Manager
City of Lynchburg, Virginia

During the audit of the financial statements of the City of Lynchburg, Virginia (the “City”) for the year ended June 30, 2020, we did not detect any matters that warranted issuance of an internal control or management letter. However, in our communications to those charged with governance, we commonly include information on accounting and other matters that we believe is important enough to merit consideration by management and those charged with governance. In this document, we would like to make you aware of certain confirmed and potential changes on the horizon that may affect your financial reporting and audit in future years. Should you have any questions on these matters, please contact our firm.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2020

CITY OF LYNCHBURG, VIRGINIA
ACCOUNTING AND OTHER MATTERS
June 30, 2020

NEW GASB PRONOUNCEMENTS

In this section, we would like to make you aware of certain confirmed and potential changes that are on the horizon that may affect your financial reporting and audit. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

The GASB issued **Statement No. 84, *Fiduciary Activities*** in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The GASB issued **Statement No. 87, *Leases*** in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

CITY OF LYNCHBURG, VIRGINIA
ACCOUNTING AND OTHER MATTERS
June 30, 2020

Definition of a Lease

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

Lease Term

The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus the following periods, if applicable:

- a. Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option.
- b. Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option.
- c. Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option.
- d. Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised.

Lessees and lessors should reassess the lease term only if one or more of the following occur:

- a. The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option.
- b. The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option.
- c. An event specified in the lease contract that requires an extension or termination of the lease takes place.

Short-Term Leases

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

Lessee Accounting

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

(Continued)

CITY OF LYNCHBURG, VIRGINIA
ACCOUNTING AND OTHER MATTERS
June 30, 2020

A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

Lessor Accounting

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

Contracts with Multiple Components and Contract Combinations

Generally, a government should account for the lease and nonlease components of a lease as separate contracts. If a lease involves multiple underlying assets, lessees and lessors in certain cases should account for each underlying asset as a separate lease contract. To allocate the contract price to different components, lessees and lessors should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment, or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining a best estimate is not practicable, multiple components in a lease contract should be accounted for as a single lease unit. Contracts that are entered into at or near the same time with the same counterparty and that meet certain criteria should be considered part of the same lease contract and should be evaluated in accordance with the guidance for contracts with multiple components.

Lease Modifications and Terminations

An amendment to a lease contract should be considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. A lease termination should be accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any difference being recognized as a gain or loss. A lease modification that does not qualify as a separate lease should be accounted for by remeasuring the lease liability and adjusting the related lease asset by a lessee and remeasuring the lease receivable and adjusting the related deferred inflows of resources by a lessor.

Subleases and Leaseback Transactions

Subleases should be treated as transactions separate from the original lease. The original lessee that becomes the lessor in a sublease should account for the original lease and the sublease as separate transactions, as a lessee and lessor, respectively.

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A transaction qualifies for sale-leaseback accounting only if it includes a sale. Otherwise, it is a borrowing. The sale and lease portions of a transaction should be accounted for as separate sale and lease transactions, except that any difference between the carrying value of the capital asset that was sold and the net proceeds from the sale should be reported as a deferred inflow of resources or a deferred outflow of resources and recognized over the term of the lease.

A lease-leaseback transaction should be accounted for as a net transaction. The gross amounts of each portion of the transaction should be disclosed.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

The GASB issued **Statement No. 90, Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61** in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

The GASB issued **Statement No. 91, Conduit Debt Obligations** in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

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A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

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This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

The GASB issued **Statement No. 92, *Omnibus 2020*** in January 2020. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 and application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for fiscal years beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

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The GASB issued **Statement No. 93, *Replacement of Interbank Offered Rates*** in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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The GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancellable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term. This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

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This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements*** in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

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A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term—which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

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This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The GASB issued **Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*** in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of *all* Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

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The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

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CURRENT GASB PROJECTS

GASB currently has a variety of projects in process. Some of these projects discussed below.

Conceptual Framework – Recognition. The project’s objective is to develop recognition criteria for *whether* information should be reported in state and local governmental financial statements and *when* that information should be reported. This project ultimately will lead to a Concepts Statement on recognition of elements of financial statements. The project is currently in the exposure draft comment period, with an estimated completion of February 2021.

Conceptual Framework – Disclosure. The project’s objective is to develop concepts related to a framework for the development and evaluation of notes to financial statements for the purpose of improving the effectiveness of note disclosures in government financial reports. The framework will establish criteria for the Board to use in evaluating potential note disclosure requirements during future standards-setting activities and in reexamining existing note disclosure requirements. Those concepts also will provide governments a basis for considering the essentiality of information items for which the GASB does not specifically provide authoritative disclosure guidance. This project is currently in exposure draft comment period.

Financial Reporting Model. The objective of this project is to make improvements to the financial reporting model, including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other reporting model-related pronouncements (Statements No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, No. 41, *Budgetary Comparison Schedules – Perspective Differences*, and No. 46, *Net Assets Restricted by Enabling Legislation, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*). The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government’s accounting and address certain application issues, based upon the results of the pre-agenda research on the financial reporting model. The project is currently in the exposure draft comment period, with an estimated completion of February 2021.

Revenue and Expense Recognition. The objective of this project is to develop a comprehensive application model for the classification, recognition, and measurement of revenues and expenses. The purpose for developing a comprehensive model is (1) to improve the information regarding revenues and expenses that users need to make decisions and assess accountability, (2) to provide guidance regarding exchange and exchange-like transactions that have not been specifically addressed, (3) to evaluate revenue and expense recognition in the context of the conceptual framework, and (4) to address application issues identified in practice, based upon the results of the pre-agenda research on revenue for exchange and exchange-like transactions. The project is currently in the preliminary views comment period, with an estimated completion of February 2021.

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

Don Sloan, Sheriff
City of Lynchburg, Virginia

We have performed the procedures enumerated below, which were agreed to by the City of Lynchburg, Virginia (the "City"), and the Auditor of Public Accounts of the Commonwealth of Virginia solely to assist you in evaluating the effectiveness of the City Sheriff's internal control over compliance with the *Virginia Sheriffs' Accounting Manual* issued by the Auditor of Public Accounts of the Commonwealth of Virginia and the criteria established in the *Code of Virginia*, as of and for the year ended June 30, 2020. The Sheriff is responsible for compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified above. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are presented below for the fund sources which were identified to us by the Sheriff's office and for certain other disbursements made by the Sheriff's office.

Court Support Services

1. Select two months' bank reconciliations to review for timely preparation and review by a supervisor. Additionally, determine if all items over \$1,000 that have been outstanding for more than 90 days or are unusual in nature are followed up on by the reviewer.
2. Select two of the monthly transmittal forms from the Sheriff that are utilized to transmit funds to the County Treasurer and determine:
 - a. Monthly summaries were prepared to account for all receipts collected and deposited to the Sheriff's account, less any disbursements to those owed funds collected on their behalf by the Sheriff.
 - b. Check was issued from the Sheriff's account to the Treasurer for the amount computed on the monthly summary.
3. For Sheriff's sales and levies, the Sheriff may withhold a commission in accordance with the *Code of Virginia*.
 - a. Inquire of the Sheriff if there were any sales held during the year.

Court Support Services (Continued)

- b. Select the sales documentation from three sales and/or levies and determine that:
 - i. Sales commission was computed correctly. (Commissions are computed as 10% of the gross sale.)
 - ii. Net proceeds were issued on a check to the plaintiff owed the funds. (Net proceeds are the gross sale, less the costs of the auction and the 10% Sheriff's commission.)
- 4. For disposal of unclaimed property in the possession of the Sheriff, the Sheriff has the option to retain the property for department use or to sell the property at a public sale. Unclaimed personal property for this purpose is any personal property which has been acquired by a law enforcement officer pursuant to his/her duties, which is not needed in any criminal prosecution, which has not been claimed by its rightful owner, and which the State Treasurer has indicated will be declined if remitted under the Uniform Disposition of Unclaimed Property Act.
 - a. Inquire of the client whether there was any unclaimed property during the year that was sold or retained for department use.
 - b. Select three items that were either sold or retained and determine that:
 - i. The Sheriff made reasonable attempts to contact the rightful owner to return the property.
 - ii. The Sheriff has obtained a notice (in writing) from the locality's Commonwealth's Attorney that the property in question is not needed for any prosecution.
 - iii. The Sheriff has received notice from the State Treasurer that the property will be declined if remitted under the Uniform Disposition of Unclaimed Property Act.
 - iv. The Sheriff has published a notice in a local paper for two weeks that there will be a public display and sale of the unclaimed personal property and the property was described in the notice.
 - v. For an item retained, the Sheriff determined that there is a legitimate use for the property and the retention of such property is more economical than purchase of a similar or equivalent item.
 - vi. If the item was sold, the Sheriff properly calculated the amount of the commission on the sale. (Commission is computed as 10% of the gross sale proceeds.)
 - vii. Net proceeds from the sale are retained for the owner and paid to the owner upon proof that the individual owned the item sold. (Net proceeds are the gross sales price less the costs of the sale and the Sheriff's 10% commission.)
 - viii. Funds unclaimed by the former owner of the property within 60 days were properly deposited into the general fund of the locality.

Note: *The Sheriff has represented to us that there were no Sheriff's sales or levies and no sales or retention of unclaimed property during the year ended June 30, 2020.*

Findings: *None noted.*

Credit Cards/Small Purchase Cards

- 1. Obtain the sign-out log, authorized cardholders listing, and credit card statements for the year, select one statement from each department card account, and determine the following:
 - a. Statement was reviewed by supervisor or other designated individual.
 - b. Receipts, invoices, or other applicable documentation was obtained for all charges to the card.

Credit Cards/Small Purchase Cards (Continued)

- c. Charge card purchase was within established limits (dollar and type of purchase) of the Sheriff and/or locality credit card/purchasing card policy.
- d. Requests for cards are required to be approved before card is issued for use (form, space on sign-out log, or some other documentation) to ascertain that all established purchasing and procurement policies are followed.
- e. Card was returned prior to end of the business day (unless signed-out and approved to be kept for after hours or overnight travel or other after hours activity). Ideally, card and receipts are returned to the individual with custody of the cards at the same time. That individual can then give the receipts to the appropriate person for statement reconciliation.
- f. Determine that the card is issued in the name of the Sheriff's office or the name of the Sheriff or deputy, with the locality name included. A card should never be issued in just the name of the individual Sheriff or deputy.

Findings: *None noted.*

Procurement and Personnel

In performing the procedures above, we noted no non-compliance with the Virginia Public Procurement Act, or unusual personnel incentives, bonuses, etc. Our inquiries of the County's finance department and Sheriff's office personnel indicate that purchases and payroll, which are funded through appropriations by the local government (whether funded by local, state, or federal means), are subject to the same internal controls and procurement processes as the local government's other departments.

Controls over Cash Receipts

As noted in prior years, there are various points where cash collections are handled by only one person, or where one person may have access both to undeposited funds and the accompanying accounting records. This could allow for the misappropriation of funds to remain undetected. This is common at Sheriff's offices due to the limited number of staff.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the effectiveness of the internal control of the Sheriff's office. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the County, the County Sheriff, and the Auditor of Public Accounts, and is not intended to be, and should not be, used by anyone other than those specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT ACCOUNTANT'S REPORT

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

Management, the School Board, and
the City Council of the City of
Lynchburg, Virginia

We have examined management's assertion that the census data reported to the Virginia Retirement System (VRS) by the City of Lynchburg, Virginia (the "City") and Lynchburg City School Division (the "Schools") during the year ended June 30, 2020 is complete and accurate based on the criteria set forth by the VRS and Board of Trustees' plan provisions as mandated in Section §51.1-136 of the *Code of Virginia*. The City and the Schools' management is responsible for its assertion. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertion that the census data reported to the VRS by the City and the Schools during the year ended June 30, 2020 was complete and accurate based on the criteria set forth by the VRS and the Board of Trustees' plan provisions as mandated in Section §51.1-136 of the *Code of Virginia*, is fairly stated, in all material respects. Our sampling methodology and determination of control environments are included in Appendix A to this report.

This report is intended solely for the information and use of the City, the Schools, and the Auditor of Public Accounts of the Commonwealth of Virginia and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
August 27, 2020

APPENDIX A

We identified two control environment during this review for which the City and the Schools were responsible.

The following table reflects the population size and sample size for each procedure performed over the control environment for which the City was responsible:

Required Audit Procedure	Population Size	Sample Size	Risks and Other Considerations Used to Determine Sample Size
Review of Census Data Elements	1,283	40	AICPA Audit Sampling Audit Guide dated December 1, 2019, Chapter 3, <i>Nonstatistical and Statistical Audit Sampling in Tests of Controls</i> , Table 3-4, <i>Limited Effect of Population Size on Sample Size</i> , using parameters of 5% Risk of Overreliance, 10% Tolerable Rate of Deviation, and no expected deviations.
Review of Eligible Members Reported to the VRS	1,587	40	Same as above.
Review of Eligibility of Newly Enrolled Members Reported to the VRS	146	37	Same as above.
Review of Monthly <i>myVRS</i> Navigator Contribution Confirmation Reconciliations	12	3	AICPA Audit Sampling Audit Guide dated December 1, 2019, Chapter 3, <i>Nonstatistical and Statistical Audit Sampling in Tests of Controls</i> , Table 3-5, <i>Testing Operating Effectiveness of Small Populations</i> , population size 1 to 52.
Review of <i>myVRS</i> Navigator System Access	4	2	Same as above.

APPENDIX A
(Continued)

The following table reflects the population size and sample size for each procedure performed over the control environment for which the Schools was responsible:

Required Audit Procedure	Population Size	Sample Size	Risks and Other Considerations Used to Determine Sample Size
Review of Census Data Elements	1,627	41	AICPA Audit Sampling Audit Guide dated December 1, 2019, Chapter 3, <i>Nonstatistical and Statistical Audit Sampling in Tests of Controls</i> , Table 3-4, <i>Limited Effect of Population Size on Sample Size</i> , using parameters of 5% Risk of Overreliance, 10% Tolerable Rate of Deviation, and no expected deviations.
Review of Eligible Members Reported to the VRS	2,813	60	Same as above.
Review of Eligibility of Newly Enrolled Members Reported to the VRS	262	39	Same as above.
Review of Monthly <i>myVRS</i> Navigator Contribution Confirmation Reconciliations	12	3	AICPA Audit Sampling Audit Guide dated December 1, 2019, Chapter 3, <i>Nonstatistical and Statistical Audit Sampling in Tests of Controls</i> , Table 3-5, <i>Testing Operating Effectiveness of Small Populations</i> , population size 1 to 52.
Review of <i>myVRS</i> Navigator System Access	5	2	Same as above.

LYNCHBURG CITY SCHOOLS

**COMMENTS ON INTERNAL CONTROL AND
OTHER SUGGESTIONS FOR YOUR
CONSIDERATION**

June 30, 2020

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INDEPENDENT AUDITOR'S REPORT ON COMMENTS AND SUGGESTIONS

To the Honorable Members of the
School Board and Superintendent of
Lynchburg City Schools
Lynchburg, Virginia

In planning and performing our audit of the financial statements of the Lynchburg City Schools (the "Schools"), a component unit of the City of Lynchburg, Virginia, as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in circumstances for the purpose of expressing our opinion on the financial statements and to comply with any other applicable standards, such as *Government Auditing Standards* and the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Schools' internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

If material weaknesses or significant deficiencies were identified during our procedures they are appropriately designated as such in this report. Additional information on material weaknesses or significant deficiencies and compliance and other matters is included in the ***Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*** which should be read in conjunction with this report.

Additionally, during our audit, we may have become aware of certain other matters that provide opportunities for improving your financial reporting system and/or operating efficiency. Such comments and suggestions regarding these matters, if any, are also included in the attached report, but are not designated as a material weakness or significant deficiency. Since our audit is not designed to include a detail review of all systems and procedures, these comments should not be considered as being all-inclusive of areas where improvements might be achieved. We also have included information on accounting and other matters that we believe is important enough to merit consideration by management and those charged with governance. It is our hope that our suggestions will be taken in the constructive light in which they are offered.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Lynchburg City Schools, a component unit of the City of Lynchburg, Virginia, management, and the appropriate state and federal regulatory agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2020

INFORMATION TECHNOLOGY COMMENTS AND SUGGESTIONS

As part of our engagement, we involve an information technology (IT) auditor in our review of the Schools' information technology controls. During our IT review, our IT auditor identified the following IT suggestions:

Review of Access Privileges

No formal, periodic user access review is performed. We recommend that network and financial application access be reviewed at least annually to ensure continued appropriateness of access.

IT Risk Assessment

The Schools do not have a formal IT risk assessment. We recommend that a formal IT risk assessment be performed at least annually or at times of significant change.

Passwords

Password length does not meet best practice recommendations. The Schools should consider changing the minimum password length to 8 characters with maximum length of 64 characters (this complies with NIST recommendations). Should the Schools choose to do so, a password expiration can be removed. NIST no longer recommends that passwords expire periodically.

Vendor Risk Assessment

A vendor risk assessment is not performed after contract inception. We recommend that a vendor risk assessment is completed for all critical vendors at least annually.

In addition, management does not review vendor SOC reports. We recommend, for all critical vendors, that management obtain and review vendor SOC reports to gain an understanding of risks within the vendor's environment.

Account Lockout

Account lockout threshold does not meet best practice recommendations. The Schools should consider updating the account lockout threshold to 10 attempts with a 15 minute account lockout duration.

Change Management

No formal change management policy exists. We recommend that a formal change management policy be created to document requirements for patching, application changes, testing activities, and approvals for production changes. In addition, there should be a process for documenting and tracking all such changes.

ACCOUNTING AND OTHER MATTERS

NEW GASB PRONOUNCEMENTS

In this section, we would like to make you aware of certain confirmed and potential changes that are on the horizon that may affect your financial reporting and audit. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

The GASB issued **Statement No. 84, *Fiduciary Activities*** in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The GASB issued **Statement No. 87, *Leases*** in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

ACCOUNTING AND OTHER MATTERS

Definition of a Lease

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

Lease Term

The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus the following periods, if applicable:

- a. Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option.
- b. Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option.
- c. Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option.
- d. Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised.

Lessees and lessors should reassess the lease term only if one or more of the following occur:

- a. The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option.
- b. The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option.
- c. An event specified in the lease contract that requires an extension or termination of the lease takes place.

Short-Term Leases

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

Lessee Accounting

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

(Continued)

ACCOUNTING AND OTHER MATTERS

Lessor Accounting

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

Contracts with Multiple Components and Contract Combinations

Generally, a government should account for the lease and nonlease components of a lease as separate contracts. If a lease involves multiple underlying assets, lessees and lessors in certain cases should account for each underlying asset as a separate lease contract. To allocate the contract price to different components, lessees and lessors should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment, or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining a best estimate is not practicable, multiple components in a lease contract should be accounted for as a single lease unit. Contracts that are entered into at or near the same time with the same counterparty and that meet certain criteria should be considered part of the same lease contract and should be evaluated in accordance with the guidance for contracts with multiple components.

Lease Modifications and Terminations

An amendment to a lease contract should be considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. A lease termination should be accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any difference being recognized as a gain or loss. A lease modification that does not qualify as a separate lease should be accounted for by remeasuring the lease liability and adjusting the related lease asset by a lessee and remeasuring the lease receivable and adjusting the related deferred inflows of resources by a lessor.

Subleases and Leaseback Transactions

Subleases should be treated as transactions separate from the original lease. The original lessee that becomes the lessor in a sublease should account for the original lease and the sublease as separate transactions, as a lessee and lessor, respectively.

A transaction qualifies for sale-leaseback accounting only if it includes a sale. Otherwise, it is a borrowing. The sale and lease portions of a transaction should be accounted for as separate sale and lease transactions, except that any difference between the carrying value of the capital asset that was sold and the net proceeds from the sale should be reported as a deferred inflow of resources or a deferred outflow of resources and recognized over the term of the lease.

ACCOUNTING AND OTHER MATTERS

A lease-leaseback transaction should be accounted for as a net transaction. The gross amounts of each portion of the transaction should be disclosed.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

The GASB issued **Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*** in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

The GASB issued **Statement No. 91, *Conduit Debt Obligations*** in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

ACCOUNTING AND OTHER MATTERS

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

(Continued)

ACCOUNTING AND OTHER MATTERS

The GASB issued **Statement No. 92, *Omnibus 2020*** in January 2020. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 and application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for fiscal years beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The GASB issued **Statement No. 93, *Replacement of Interbank Offered Rates*** in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

ACCOUNTING AND OTHER MATTERS

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

The GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

ACCOUNTING AND OTHER MATTERS

This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancellable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term. This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

ACCOUNTING AND OTHER MATTERS

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements*** in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term—which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

(Continued)

ACCOUNTING AND OTHER MATTERS

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The GASB issued **Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*** in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

ACCOUNTING AND OTHER MATTERS

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of *all* Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

ACCOUNTING AND OTHER MATTERS

CURRENT GASB PROJECTS

GASB currently has a variety of projects in process. Some of these projects discussed below.

Conceptual Framework – Recognition. The project’s objective is to develop recognition criteria for *whether* information should be reported in state and local governmental financial statements and *when* that information should be reported. This project ultimately will lead to a Concepts Statement on recognition of elements of financial statements. The project is currently in the exposure draft comment period, with an estimated completion of February 2021.

Conceptual Framework – Disclosure. The project’s objective is to develop concepts related to a framework for the development and evaluation of notes to financial statements for the purpose of improving the effectiveness of note disclosures in government financial reports. The framework will establish criteria for the Board to use in evaluating potential note disclosure requirements during future standards-setting activities and in reexamining existing note disclosure requirements. Those concepts also will provide governments a basis for considering the essentiality of information items for which the GASB does not specifically provide authoritative disclosure guidance. This project is currently in exposure draft comment period.

Financial Reporting Model. The objective of this project is to make improvements to the financial reporting model, including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other reporting model-related pronouncements (Statements No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, No. 41, *Budgetary Comparison Schedules – Perspective Differences*, and No. 46, *Net Assets Restricted by Enabling Legislation, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*). The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government’s accounting and address certain application issues, based upon the results of the pre-agenda research on the financial reporting model. The project is currently in the exposure draft comment period, with an estimated completion of February 2021.

Revenue and Expense Recognition. The objective of this project is to develop a comprehensive application model for the classification, recognition, and measurement of revenues and expenses. The purpose for developing a comprehensive model is (1) to improve the information regarding revenues and expenses that users need to make decisions and assess accountability, (2) to provide guidance regarding exchange and exchange-like transactions that have not been specifically addressed, (3) to evaluate revenue and expense recognition in the context of the conceptual framework, and (4) to address application issues identified in practice, based upon the results of the pre-agenda research on revenue for exchange and exchange-like transactions. The project is currently in the preliminary views comment period, with an estimated completion of February 2021.

REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Members of the School Board and the
Superintendent of Lynchburg City Schools
Lynchburg, Virginia

As part of our audit of the City of Lynchburg, Virginia we have audited the financial statements of Lynchburg City Schools (the “Schools”), a component unit of the City of Lynchburg, Virginia, for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and as applicable, the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 4, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Schools are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The useful lives of capital assets and the allowance for uncollectible accounts are based on management’s knowledge and judgment, which is based on history.
- The local other post-employment benefits liability is based on an actuarial study provided by the Schools’ external actuarial firm.
- The self-insurance liability is based on information from an external third-party consultant and subsequent claims information provided by the third-party administrator.
- The net pension liability and the net OPEB liability for state administered plans are based on actuarial studies provided by actuaries engaged by the Virginia Retirement System.

We evaluated the key factors and assumptions used to develop these estimates in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Capital assets, commitments, leases, health insurance claims incurred but not reported, other post-employment liabilities, pension plans, and uncertainties related to COVID-19.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Adjustments related to GASBS 68 and 75 resulted from a collaborative process with management for 2020. We did not propose any audit adjustments.

Management has determined that the effects of the following unrecorded misstatements are immaterial both individually and in the aggregate, to the financial statements taken as a whole. All amounts are rounded to the nearest thousand.

- An overstatement of approximately \$150,000 of the amount due from the primary government and the related revenue.
- An understatement of approximately \$153,000 in the OPEB liability and the related expenses due to the change in proportion in the estimate and the change in the allocation between the Schools and Laurel Regional Program.
- When comparing the management estimate for the self-insurance IBNR liability to claims run-out information and other estimate documentation provided by the Schools third-party administrator, a variance indicating an overstatement of the liability of \$483,000 arises. As disclosed earlier in the letter, this is an estimate and such variances would be expected. However, the variance historically has not been of that magnitude. In addition, management has compared the estimates provided by the external part and believes that, compared to historical claims experience, the external estimate was not sufficient and, thus, has recorded a liability in excess of the estimates provided. Due to the nature of IBNR liabilities in which claims can have a significant lag and the fact that, in many cases, individuals who incur these claims in the summer have already earned the benefit associated with the IBNR as of June 30 the variances is deemed to be immaterial.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Significant Audit Findings (Continued)

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 1, 2020, a copy of which is attached.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI), as listed in the table of contents, that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Cybersecurity Risk Management

In today’s environment of increasingly frequent cyber-attacks, ensuring the adequacy of cybersecurity is a critical aspect of board oversight. In addition to significant business disruption, substantial response cost, negative publicity, and reputational harm, cybersecurity breaches can result in litigation, and leaders may face potential liability if they failed to implement adequate steps to protect the organization. Evidence suggests there may be a gap between the magnitude of exposure presented by cyber-risks and steps many corporate boards have taken to address these risks. Organizational leaders should be asking themselves what they can, and should, be doing to effectively oversee cyber-risk management.

Restriction on Use

This information is intended solely for the use of the Board and management of the Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2020



THE CITY OF LYNCHBURG, VIRGINIA

OFFICE OF THE
CITY MANAGER

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December 1, 2020

Brown, Edwards & Company, L.L.P.
Certified Public Accountants
319 McClanahan Street
Roanoke, VA 24014

This representation letter is provided in connection with your audit of the financial statements of the City of Lynchburg, Virginia (the "City"), which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 1, 2020, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 4, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

- a) In prior years, the City changed its policy related to the capitalization of internal engineering costs. The change resulted in an uncorrected misstatement that reduced net position of the governmental and business-type activities by approximately \$1,005,000 and \$1,814,000, respectively. The effects of this misstatement are reduced each year by an insignificant amount of overstated depreciation.
 - b) Due to a revision in the true-up calculation of funds due back to the City from the School board, the School board shows an understatement in due to primary government by approximately \$150,000, and the City shows an understatement of approximately \$150,000 in due from component units.
 - c) Grant receivables understated by approximately \$470,000 and a related understatement of revenue.
 - d) \$42,000 of unrecorded CARES Act revenue was not recorded in the City/Federal/State Aid Fund due to delayed notification from the pass through agency that certain expenditures incurred before the end of the fiscal year were reimbursable.
 - e) An understatement of approximately \$153,000 in the OPEB liability and the related expenses due to the change in proportion in the estimate and the change in the allocation between the Schools and Laurel Regional Program.
 - f) When comparing the management estimate for the self-insurance IBNR liability to claims run-out information and other estimate documentation provided by the Schools third-party administrator, a variance indicating an overstatement of the liability of \$483,000 arises. As disclosed earlier in the letter, this is an estimate and such variances would be expected. However, the variance historically has not been of that magnitude. In addition, management has compared the estimates provided by the external part and believes that, compared to historical claims experience, the external estimate was not sufficient and, thus, has recorded a liability in excess of the estimates provided. Due to the nature of IBNR liabilities in which claims can have a significant lag and the fact that, in many cases, individuals who incur these claims in the summer have already earned the benefit associated with the IBNR as of June 30 the variances is deemed to be immaterial.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
 - 10) Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed.
 - 11) We have provided the planning communication letter to all members of those charged with governance as requested.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management,
 - Employees who have significant roles in internal control,
 - Service organizations used by the entity, or
 - Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

- 17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24) The entity has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the School Board's portion of the financial statements and related notes as well as, the schedule of expenditures of federal awards, the comparative report transmittal form, and the data collection form. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- 31) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34, as amended, and GASB Statement No. 84.

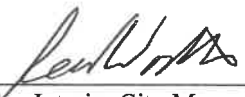
- 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Special and extraordinary items are appropriately classified and reported, if applicable.
- 43) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 44) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 45) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.
- 46) The entity meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
- 47) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 48) We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board Statements (GASBS) that are not yet effective, as discussed in the notes to financial statements. The entity is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.
- 49) We agree with the findings of specialists in evaluating the pension and OPEB liabilities and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 50) We agree with the findings of specialists in evaluating the landfill liability estimate for closure, post-closure costs, the actuaries in determining pension and other post-employment benefits liabilities and disclosures, and the third party administrators in determining the incurred but not reported liabilities, and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 51) We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 52) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 53) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 54) With respect to the supplementary information on which an in-relation-to opinion is issued.

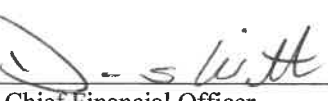
- a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 55) Expenditures of federal awards were below the \$750,000 threshold in the audit period, and we were not required to have an audit in accordance with the Uniform Guidance.
- 56) With respect to federal award programs:
- a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
 - d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
 - f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
 - g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
 - h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
 - i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards
 - j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
 - k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit,

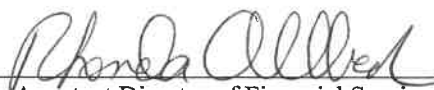
including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
 - m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
 - n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
 - o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
 - q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
 - r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - t) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the requirements of the Uniform Guidance, if applicable.
 - u) We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient., if applicable.
 - v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if applicable.
 - w) We have charged costs to federal awards in accordance with applicable cost principles.
 - x) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
 - y) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
 - z) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
 - aa) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
 - bb) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations, if applicable.
- 57) We reaffirm the representations made to you in our letter dated November 20, 2019 regarding your audit for the fiscal year ended June 30, 2019.
- 58) To the extent our normal procedures and controls related to our financial close or other reporting processes at any of our locations were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

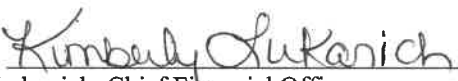
- 59) Other than as disclosed in note 24 to the financial statements, no other impacts from the COVID-19 outbreak are necessary to be reflected in those financial statements.
- 60) Disclosures included in the financial statements regarding the relevant significant business, financial, and reporting impacts of the COVID-19 outbreak accurately reflect management's full consideration of such impacts.

Signature: 
Reid Wodicka, Interim City Manager
City of Lynchburg

Signature: 
Donna Witt, Chief Financial Officer
City of Lynchburg

Signature: 
Rhonda Allbeck, Assistant Director of Financial Services
City of Lynchburg

Signature: 
Crystal Edwards, Superintendent
Lynchburg City Schools

Signature: 
Kimberly Lukanich, Chief Financial Officer
Lynchburg City Schools

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 8, 2020**

AGENDA ITEM #: **3**

CONSENT:
ACTION:

REGULAR:
INFORMATION: **X**

WORK SESSION: **X**

CLOSED SESSION:
(Confidential)

ITEM TITLE: FY 2021 Monthly Revenue Update

KEY ELEMENTS:

☐ Economic Development ☒ Excellent Government ☐ Natural and Built Environment ☐ Safe Community ☐ Vibrant Community

RECOMMENDATION: Receive an update on the revenue collections received in several key City revenue sources.

SUMMARY: Several key Adopted FY 2021 revenue sources were reduced to reflect the anticipated economic impacts due to the COVID-19 pandemic; revenue collections are updated through November 30, 2020.

PRIOR ACTION(S): Rebalancing the Proposed FY 2021 General Fund Budget Due to Economic Impact of COVID-19, City Council, April 28, 2020.

FISCAL IMPACT: As noted.

CONTACT(S): Donna Witt, Chief Financial Officer, 455-3968

ATTACHMENT(S): FY 2021 Adopted General Fund Operating Budget Review and Monthly Revenue Update

REVIEWED BY: raw

161A



FY 2021 Adopted General Fund Monthly Revenue Update

City Council
December 8, 2020



COVID-19 FY 2021 Adopted Revenue Monthly Update

Local Sales and Use Tax

	Adopted FY 2021	Actual Collections FY 2021	Variance to Adopted Budget FY 2021
Local Sales and Use Tax	\$15,454,579	\$5,915,229	(\$9,539,350)
July	1,119,330	1,503,837	384,507
August	1,025,719	1,396,989	371,270
September	1,252,153	1,531,422	279,269
(Sales and Use Tax for October due by December 15th) October *Not Final*	1,251,875	1,482,981	231,106
(Sales and Use Tax for November due by January 15th) November	1,361,561	0	(1,361,561)
(Sales and Use Tax for December due by February 15th) December	1,585,420	0	(1,585,420)
(Sales and Use Tax for January due by March 15th) January	1,160,079	0	(1,160,079)
(Sales and Use Tax for February due by April 15th) February	1,196,836	0	(1,196,836)
(Sales and Use Tax for March due by May 15th) March	1,432,681	0	(1,432,681)
(Sales and Use Tax for April due by June 15th) April	1,331,840	0	(1,331,840)
(Sales and Use Tax for May due by July 15th) May	1,447,319	0	(1,447,319)
(Sales and Use Tax for June due by August 15th) June	1,289,766	0	(1,289,766)

Note: Actual collections revised as of November 30, 2020.



COVID-19 FY 2021 Adopted Revenue Monthly Update *(continued)*

Meals Tax

	Adopted FY 2021	Actual Collections FY 2021	Variance to Adopted Budget FY 2021
Meals Tax	\$14,932,599	\$4,763,394	(\$10,169,205)
July	970,231	1,090,332	120,101
August	1,081,853	1,186,360	104,507
September	1,161,186	1,203,439	42,253
October	1,357,034	1,283,263	(73,771)
(Meals Tax for November due by December 20th) November	1,230,200	0	(1,230,200)
(Meals Tax for December due by January 20th) December	1,286,319	0	(1,286,319)
(Meals Tax for January due by February 20th) January	1,181,440	0	(1,181,440)
(Meals Tax for February due by March 20th) February	1,237,691	0	(1,237,691)
(Meals Tax for March due by April 20th) March	1,425,976	0	(1,425,976)
(Meals Tax for April due by May 20th) April	1,352,984	0	(1,352,984)
(Meals Tax for May due by June 20th) May	1,397,503	0	(1,397,503)
(Meals Tax for June due by July 20th) June	1,250,182	0	(1,250,182)

Note: Actual collections revised as of November 30, 2020.



COVID-19 FY 2021 Adopted Revenue Monthly Update *(continued)*

Lodging Tax

	Adopted FY 2021	Actual Collections FY 2021	Variance to Adopted Budget FY 2021
Lodging Tax	\$2,725,636	\$852,949	(\$1,872,687)
July	147,156	155,637	8,481
August	177,753	213,511	35,758
September	208,246	257,411	49,165
October	314,431	226,390	(88,041)
(Lodging Tax for November due by December 20th) November	218,220	0	(218,220)
(Lodging Tax for December due by January 20th) December	156,330	0	(156,330)
(Lodging Tax for January due by February 20th) January	211,325	0	(211,325)
(Lodging Tax for February due by March 20th) February	208,445	0	(208,445)
(Lodging Tax for March due by April 20th) March	279,608	0	(279,608)
(Lodging Tax for April due by May 20th) April	233,875	0	(233,875)
(Lodging Tax for May due by June 20th) May	300,480	0	(300,480)
(Lodging Tax for June due by July 20th) June	269,767	0	(269,767)

Note: Actual collections revised as of November 30, 2020.



COVID-19 FY 2021 Adopted Revenue Monthly Update *(continued)*

Amusement Tax

	Adopted FY 2021	Actual Collections FY 2021	Variance to Adopted Budget FY 2021
Amusement Tax	\$795,190	\$71,508	(\$723,682)
July	34,581	13,970	(20,611)
August	28,321	19,248	(9,073)
September	28,994	19,538	(9,456)
October	73,504	18,752	(54,752)
(Amusement Tax for November due by December 20th) November	80,858	0	(80,858)
(Amusement Tax for December due by January 20th) December	81,843	0	(81,843)
(Amusement Tax for January due by February 20th) January	88,585	0	(88,585)
(Amusement Tax for February due by March 20th) February	62,931	0	(62,931)
(Amusement Tax for March due by April 20th) March	86,769	0	(86,769)
(Amusement Tax for April due by May 20th) April	92,490	0	(92,490)
(Amusement Tax for May due by June 20th) May	63,944	0	(63,944)
(Amusement Tax for June due by July 20th) June	72,370	0	(72,370)

Note: Actual collections revised as of November 30, 2020.



Questions, Comments, Observations

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 8, 2020**

AGENDA ITEM #: **4**

CONSENT:
ACTION: **X**

REGULAR:
INFORMATION: **X**

WORK SESSION: **X**

CLOSED SESSION:
(Confidential)

ITEM TITLE: COVID-19 Municipal Utility Relief Program and Utility Disconnect Moratorium Update

KEY ELEMENTS:

☐ Economic Development ☒ Excellent Government ☐ Natural and Built Environment ☐ Safe Community ☐ Vibrant Community

RECOMMENDATION: Adopt the attached resolution related to the COVID-19 Municipal Utility Relief Program and associated CARES funding.

SUMMARY: As a result of recent State Budget Amendments, on November 19, 2020 the City received a memorandum from the Virginia Department of Housing and Community Development (DHCD) regarding the COVID-19 Municipal Utility Relief Program (Relief Program). The memorandum explained the process for municipal utilities to apply for CARES funds for the Relief Program. The applications were due on November 30, 2020 and only included utility and locality identification and the total arrearages for 60 and 30 days which were \$397,121 and \$619,181 respectively at the time of the application. The funds will be distributed to all water, sewer, gas, and electric utilities that applied for the funding on a pro-rata basis and are considered pass-through funds since they will be applied directly to qualifying customer accounts. Due to the extremely short application notice, award, and distribution timeframe, normal Council financial procedures are not able to be followed, which will be discussed in more detail during this presentation.

Staff will provide an overview of the Relief Program requirements, current status of the Utility Disconnect Moratorium and Repayment Plan requirements, and recommended next steps.

PRIOR ACTION(S): None.

FISCAL IMPACT: Unknown at this time.

CONTACT(S): Tim Mitchell, Director of Water Resources, 455-4252

ATTACHMENT(S):

Resolution

COVID-19 Municipal Utility Relief Program and Utility Disconnect Moratorium presentation

REVIEWED BY: raw

162A

RESOLUTION

Whereas, the Commonwealth of Virginia has established a program under which localities can apply for CARES Act funds to be used by the localities to provide assistance to citizens with utility accounts that are 30 days in arrears as a result of the COVID-19 pandemic;

Whereas, the City has applied for such funds in order to provide assistance to citizens with water and sewer accounts that are in arrears and should begin receiving such funds during December 2020; and,

Whereas, the CARES Act funds the City receives must be applied to citizens' delinquent water and sewer accounts by January 29, 2021, and any funds that have not been applied to citizens' delinquent water and sewer accounts by January 29, 2021, must be returned to the Commonwealth; and,

Whereas, Section 2-42(b) of the City Code provides that no ordinance or resolution appropriating money exceeding the sum of \$1,000.00 shall be passed on the same day on which it was introduced and at least three days must pass between its first introduction and passage; and,

Whereas, since City Council only has one meeting in December and since City Council's first meeting in January of 2021 will be January 12, it is not possible for the City to meet the requirements of Section 2-42(b) of the City Code and also meet the deadline of applying the CARES Act funds to citizens delinquent water and sewer accounts by the January 29, 2021, deadline.

Whereas, the receipt of the CARES Act funds from the Commonwealth which are to be applied to citizens' delinquent water and sewer accounts will not have an impact on the City's budget, the City will simply serve as the fiscal agent administering the funds by receiving the funds from the Commonwealth and then applying the CARES Act funds to citizens' delinquent water and sewer accounts.

NOW THEREFORE, BE IT RESOLVED by the Lynchburg City Council that in order that the City will not lose the opportunity to use the CARES Act funds it receives from the Commonwealth to assist citizens with utility accounts that are in arrears as a result of the COVID-19 pandemic and in order that the City will be able to meet the January 29, 2021, deadline to apply the CARES Act funds the City receives to citizens' delinquent water and sewer accounts, the City Council does hereby temporarily suspend the provisions of Section 2-42(b) of the City Code and does authorize the appropriate City departments to apply the CARES Act funds the City receives from the Commonwealth to citizens' delinquent water and sewer accounts and the temporary suspension of the provisions of Section 2-42(b) of the City Code shall only apply to the distribution of the CARES Act funds the City receives from the Commonwealth to citizens' delinquent water and sewer accounts.

Adopted:

Certified:

Interim Clerk of Council



COVID-19 Municipal Utility Relief Program and Utility Disconnect Moratorium

City Council
December 8, 2020



COVID-19 Municipal Utility Relief Program

OVERVIEW:

- 2020 Special Session Budget Bill HB5005 Item 479.10 allocates \$100,000,000 of CARES funding to gas and electric utilities regulated by the State Corporation Commission and municipal gas, electric, water, and wastewater utilities.
- Notified on November 19th that applications were due on November 30, 2020.
- Water Resources submitted application on November 25th with total arrearages for 60 and 30 days of \$397,121 and \$619,181 respectively.
- The State will distribute available funds to all water, sewer, gas, and electric utilities that applied on a pro-rata basis.



COVID-19 Municipal Utility Relief Program

REQUIREMENTS:

- The City must be the fiscal agent administering the funds.
- We will soon receive an award letter from the Department of Housing and Community Development (DHCD). Upon receipt we must immediately send a certification letter signed by the Chief Administrative Officer and Utility Director attesting to the accuracy of the arrearages in order to accept the funds.
- Any customer (except government entities), not just residential, is eligible for arrearage assistance.
- Utilities must prioritize assistance to accounts over 60 days past due.
- Utilities should establish a maximum award for non-residential customers.



COVID-19 Municipal Utility Relief Program

- Arrearage assistance programs must strive for equity in program outreach to all customers with focus on COVID impacted customers.
- Upon receipt by DHCD, the Department of Accounts (DOA) will distribute the funds directly to the City. The DOA will be the lead agency working with the City.
- Utilities can utilize up to 5% of the allocation for direct administrative costs (optional). (Record keeping of the administrative costs must be maintained)
- We must refrain from providing a dual benefit to customers that may have received other CARES funding for the same period.



COVID-19 Municipal Utility Relief Program

- Customer applications must include a self-certification attestation form from any customer that receives assistance essentially stating that they have been impacted financially. We must retain accurate records for all customers receiving support.
- Must comply with all Federal CARES Act Guidance.
- We must collect attestation forms from all customers receiving funds by January 29, 2021. Any funds not spent must be returned to the DOA by the close of business Friday January 29, 2021.



Utility Disconnect Moratorium Update

2020 Special Session Budget Bill HB5005 Item 4-14 requires: Notification sent to all customers by January 17, 2020 with arrearages over 30 days with information about the disconnect moratorium and repayment plan options.

The City can qualify for an exemption from the Utility Disconnect Moratorium to resume utility cut-offs of delinquent accounts certain criteria must be met including:

- Arrearages must exceed 1% of our total annual operating revenue,
- Documents must be available to the public, and
- City Council must conduct a public hearing and affirm the 1% exceedance and the intent to resume cut-offs.



COVID-19 Municipal Utility Relief Program and Disconnect Moratorium Recommendations

- Adopt resolution waiving Councils normal fiscal policies and accepting the COVID-19 Relief Funds.
- Within the next two weeks notify customers with arrearages of the repayment plan and relief fund availability and requirements.
- Conduct a Public Hearing on January 12, 2021 for consideration approving the 1% Exemption from the moratorium and resumption of utility disconnections on a date to be established.
- If it is determined that utility disconnections will resume, immediately notify customers again with arrearages of the available resources, assistance, and repayment plan options and when cut-offs will resume.



Questions and Discussion

RESOLUTION:

#R-20-092

Whereas, the Commonwealth of Virginia has established a program under which localities can apply for CARES Act funds to be used by the localities to provide assistance to citizens with utility accounts that are 30 days in arrears as a result of the COVID-19 pandemic;

Whereas, the City has applied for such funds in order to provide assistance to citizens with water and sewer accounts that are in arrears and should begin receiving such funds during December 2020; and,

Whereas, the CARES Act funds the City receives must be applied to citizens' delinquent water and sewer accounts by January 29, 2021, and any funds that have not been applied to citizens' delinquent water and sewer accounts by January 29, 2021, must be returned to the Commonwealth; and,

Whereas, Section 2-42(b) of the City Code provides that no ordinance or resolution appropriating money exceeding the sum of \$1,000.00 shall be passed on the same day on which it was introduced and at least three days must pass between its first introduction and passage; and,

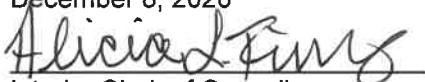
Whereas, since City Council only has one meeting in December and since City Council's first meeting in January of 2021 will be January 12, it is not possible for the City to meet the requirements of Section 2-42(b) of the City Code and also meet the deadline of applying the CARES Act funds to citizens delinquent water and sewer accounts by the January 29, 2021, deadline.

Whereas, the receipt of the CARES Act funds from the Commonwealth which are to be applied to citizens' delinquent water and sewer accounts will not have an impact on the City's budget, the City will simply serve as the fiscal agent administering the funds by receiving the funds from the Commonwealth and then applying the CARES Act funds to citizens' delinquent water and sewer accounts.

NOW THEREFORE, BE IT RESOLVED by the Lynchburg City Council that in order that the City will not lose the opportunity to use the CARES Act funds it receives from the Commonwealth to assist citizens with utility accounts that are in arrears as a result of the COVID-19 pandemic and in order that the City will be able to meet the January 29, 2021, deadline to apply the CARES Act funds the City receives to citizens' delinquent water and sewer accounts, the City Council does hereby temporarily suspend the provisions of Section 2-42(b) of the City Code and does authorize the appropriate City departments to apply the CARES Act funds the City receives from the Commonwealth to citizens' delinquent water and sewer accounts and the temporary suspension of the provisions of Section 2-42(b) of the City Code shall only apply to the distribution of the CARES Act funds the City receives from the Commonwealth to citizens' delinquent water and sewer accounts.

Adopted: December 8, 2020

Certified:


Interim Clerk of Council

// A regular meeting of the Council of the City of Lynchburg was held on the 10th day of November, 2020, at 2:00 P.M. in the Council Chamber, City Hall, MaryJane Dolan, President, presiding. The following Members were present:

Present: MaryJane Dolan, J. Randy Nelson, Sterling A. Wilder, Chris Faraldi 4

Absent: Beau Wright, Jeff S. Helgeson, Treney Tweedy 3

// In the matter of a Closed Meeting, Agenda Item #1, Council considered a closed meeting to interview prospective recruitment firms relating to the appointment of a City Manager, pursuant to Section 2.2-3711(A)(29) of the Code of Virginia.

Councilmember Nelson made the motion, seconded by Councilmember Wilder to enter into a closed session. There was no further discussion; Council, by the following recorded vote, approved the motion:

Ayes: Dolan, Nelson, Wilder, Faraldi 4

Noes: 0

Absent: Wright, Helgeson, Tweedy 3

// The meeting was re-opened to the public with the following members present:

Present: MaryJane Dolan, Beau Wright, Jeff S. Helgeson, Chris Faraldi 4

Absent: J. Randy Nelson, Treney Tweedy, Sterling A. Wilder 3

// Councilmember Helgeson made the following motion:

WHEREAS, the Council of the City of Lynchburg has convened a closed meeting on this date, pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2 3712 of the Code of Virginia requires a certification by City Council that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Lynchburg certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by Council.

The motion was seconded by Councilmember Faraldi, and Council, by the following recorded vote, adopted the motion:

Ayes: Dolan, Wright, Helgeson, Faraldi	4
Noes:	0
Absent: Nelson, Tweedy, Wilder	3

// The meeting was recessed at 3:50 p.m.

// City Council reconvened the meeting at 4:00 p.m. The following members were present:

Present: MaryJane Dolan, Beau Wright, Jeff S. Helgeson, J. Randy Nelson, Treney Tweedy, Sterling A. Wilder, Chris Faraldi	7
Absent:	0

// In the matter of Budget, Agenda Item #2, Chief Financial Officer Ms. Donna Witt presented Council with an update on the 1st Quarter revenue collections received in several key City revenue sources and a review of the FY 2021 Adopted General fund operating budget. Sales and Use Tax is continuing to exceed projections in part due to online sales revenues coming in very strong. Ms. Witt stated that we are about one million above our revised projection. Meals Tax is up about \$263,000 for the 1st Quarter total, however, September collections didn't yield as high above the revised projections as normally seen. Lodging Tax collections for September are down compared to the previous month. Ms. Witt explained that staff thought there would be an increase in these collections from August to September, but that was not the case. These numbers are down consistently 20% where staff projected they would be. Amusement

Tax is down \$39,000 from projected because staff thought establishments would be opening back up by this time, but unfortunately, they are not. Overall, for the quarter, this is good news, but we need to be prepared for our next quarter not being so good.

Ms. Witt continued with her presentation explaining that the revenue assumptions used to build the FY 2021 budget was based on the phased approach of reopening. Staff anticipated that by 2nd Quarter, the state would be in Phase III of reopening with social distancing and consumer behavior driven by individual health concerns, and businesses would be open. For the most part, that trend is on par. For 3rd and 4th Quarters, staff was originally anticipating a more normal consumer spending, but Ms. Witt feels that will not be the case. She stated that it is her belief that the city will continue to be down in Meals Tax and Lodging Tax. Staff are revising projections for FY 2021 to be backed down from \$14,932,599 to \$13,200,000 in Meals Tax and also revising Lodging Tax from \$2,725,636 to \$2,135,623. Amusement Tax is being revised from \$795,190 to \$205,201; she stated that staff does not see this changing unless Regal Cinemas reopens. Communications Sales and Use Tax is projected to be down \$300,000. Consumer Utility Tax – Electric is projected to be down \$300,000. Net total is \$1,462,929 down for FY 2021 from where we projected we would be. Ms. Witt said that staff has been directed to extend a hiring frost, spending frost on all non-personnel related expenditures, and exercise mindful spending.

Ms. Witt advised that staff plans on updating Council at its February 9, 2021 meeting with the revenue numbers for FY 2020 Personal Property Tax and FY 2020 Real Estate Tax, plus December Meals, Lodging, Amusement, and Sales Tax numbers. Historically, December is one of the biggest months for those collections, however, if the local economy does not improve, expenditure adjustments will be proposed.

During this time, staff will also know more about what consumer behavior trends look like and the economic impact of college students returning to campus. Previously, Council amassed a list of items for future reconsideration should revenues hold true. This list includes: exploring the addition of a Medic Unit; exploring Phase 2 of the salary study; exploring a 3% general wage increase; exploring funds for implementing the Downtown 2040 plan due to no longer making payments to the Academy Center of the Arts; and exploring allocating more funds to the Poverty Initiative.

Vice Mayor Wright stated that the assumption is that the city will be down 1.5 million dollars by the end of the year; however FY 2020 ended with a pretty healthy surplus. He wanted to know if there was an opportunity to expedite the addition of the medic unit taking this into account. Interim City Manager Dr. Reid Wodicka clarified that staff would like to remain cautious with funds to ensure the revised projections are not worse than expected, but reiterated that the decision is ultimately Council's to make.

Councilmember Helgeson made a motion to fund the medic unit as soon as practical, stating that this should not be a debatable item anymore. Lynchburg residents are at home now more than ever due to the pandemic and the need for this service during this particular time is imperative. Councilmember Faraldi seconded the motion, stating that even though he understands the strategy for delaying this in these uncertain times from a budgetary perspective, he does not like the idea of putting off a service that both the community and fire department employees both desperately need.

Vice Mayor Wright requested clarification on the motion. Dr. Wodicka stated if Council chooses to fund the medic unit, the \$193,936 that was placed in reserve for these positions would be moved to the operating budget to the personnel line. Council would then afford any difference at its February meeting if needed.

With no other discussion the following vote was recorded approving Resolution #R-20-091:

Ayes: Dolan, Wright, Helgeson, Nelson, Tweedy, Wilder, Faraldi 7

Noes: 0

Councilmember Tweedy asked if we are looking down the road at a readjustment of City operations due to the transition college students are making to attend online classes rather than on campuses. Ms. Witt reiterated that the lack of student population on campuses is majorly impacting Meals, Lodging, and Amusement Taxes.

// In the matter of Water Resources, Agenda Item #3, Director of Water Resources Mr. Tim Mitchell gave Council an update regarding the utility disconnects state moratorium. Recently, the General Assembly

passed legislation related to a State Mandated Utility Disconnection Moratorium and Coronavirus Relief Funds. This legislation is included in the amended State budget and is currently on the Governor's desk for his signature. These amendments enact a "universal" prohibition on service disconnections for past due accounts; require the establishment of repayment plans within 60 days of enactment; and prohibits the charging of late fees, interest, or penalties. The act does allow for exemptions to the moratorium provided that arrearages exceed 1% of the utilities annual operating revenues, however, specific processes must be followed to qualify. Mr. Mitchell informed Council that the arrearages for the city do presently exceed the 1% of the utilities annual operating revenues and that the city could apply for an exemption. In order to do so, the city would produce documents showing how the calculations of the arrearages were determined and present that to City Council for inspection. These would then be provided to the public for their inspection and a public hearing would be held. City Council would then vote to approve the statement that the city is exceeding the 1% and that we would want to proceed with an exemption of the disconnection moratorium.

Additionally, the act includes significant reporting requirements due on December 31st for the period of March 16, 2020 through December 15, 2020. Additional reports will also be required and are dependent upon how long the moratorium is in effect. There are provisions to allow for the use of \$100 million in CARES funds but timing, availability, and administration of such funds will be challenging since this act also applies to electric and gas utilities and the funds have to be spent by the end of the calendar year.

Councilmember Faraldi asked what was needed from Council. Mr. Mitchell stated that right now, nothing at this point until we have the final legislation. Once we have that, we'll need to know whether we should apply for the exemption.

// In the matter of Roll Call, Agenda Item #4, Councilmember Helgeson recognized Liberty University for having a winning record this football season. Councilmembers Nelson and Faraldi had no items. Councilmember Wilder commended Lynchburg Parks & Recreation for holding a luncheon and a drive-thru parade for Veterans; he thanked Lynchburg Police Department and the group One Community, One Voice for hosting a Trunk-or-Treat event at Miller Park; and he asked citizens to donate to the volunteer-

run organization, Mustache 4 Kids, which raises money for children's charities. Councilmember Tweedy asked staff to look into a constant brush and bulk issue around Memorial Avenue near E.C. Glass High School. Vice Mayor Wright thanked Councilmember Tweedy for her service in the U.S. Navy, and for all the veterans in the community for their service to the country, in honor of Veterans Day. Mayor Dolan encouraged everyone to wear masks, wash their hands, and practice social distancing. She also made the following announcements:

- The City of Lynchburg recently won the Center for Digital Government's Future Ready Award. This award is presented to jurisdictions that are laying the foundation for the disruptive and converging forces that are shaping an uncertain future - through technology or process changes; innovation; engagement with partners collaboratively; and by harnessing emerging technologies to solve problems. The Future Ready Award is a new award that Google sponsors, and Lynchburg was the only city in the country to win.
- Lynchburg also won 2nd place for Digital Cities, making this the 17th year in a row that we have been in the Top 10 Cities.

Due to the lack of agenda items for both the November 24, 2020 Council meeting and Finance Committee meeting, Council reached a consensus to cancel these meetings.

// The meeting was recessed at 5:22 p.m.

// City Council reconvened the meeting at 7:30 p.m. The following members were present:

Present: MaryJane Dolan, Beau Wright, Jeff S. Helgeson, J. Randy Nelson, Treney Tweedy,
Sterling A. Wilder, Chris Faraldi 7

Absent: 0

Councilmember Tweedy gave the Invocation, followed by the Pledge of Allegiance.

// In the matter of Recognitions, Mayor Dolan presented Ms. Gabrielle Crawford and Ms. Morgan McDowell a proclamation declaring the week of November 8, 2020 – November 14, 2020 as Nurse Practitioner Week.

Mayor Dolan continued with the following announcement regarding Veterans Day:

As we all know, Veterans Day is tomorrow, November 11. It is a time for all of us to pay our respects to the brave men and women who have served our country. We celebrate and honor America's veterans for their patriotism, love of country and willingness to serve and sacrifice for the common good.

In 1918, on the 11th hour of the 11th day of the 11th month, an armistice was declared between the Allied nations and Germany in World War I, then known as "the Great War." And became known as Armistice Day. However, in 1954, the holiday was changed to "Veterans Day" in order to account for all veterans in all wars.

Tomorrow at 11:00 a.m., the Lynchburg Area Veterans Council will sponsor its Annual Veterans Day Observance at the foot of Monument Terrace. We encourage those of you who can to come out and support them and to honor our veterans and to thank them for their service and their sacrifice.

// In the matter of Consent Agenda Item #5, copies of the minutes of the October 27, 2020 meeting have been previously furnished to Council, and on motion of Councilmember Helgeson, seconded by Vice Mayor Wright, Council by the following recorded vote approved the minutes as presented:

Ayes: Dolan, Wright, Helgeson, Nelson, Tweedy, Wilder, Faraldi 7

Noes: 0

// In the matter of the Office of the Commonwealth's Attorney, Consent Agenda Item #6, Resolution #R-20-083 amending the FY 2021 City/Federal/State Aid Fund budget to appropriate \$632,496 with resources of \$632,496 from the FY 2020 Department of Justice, Office on Violence Against Women, Improving Criminal Justice Responses Grant Program, also known as Arrest Program, to enhance the

criminal justice response to sexual assault, domestic violence, dating violence, stalking, and protective order process, received a second reading. On motion of Councilmember Helgeson, seconded by Vice Mayor Wright, Council by the following recorded vote approved the motion to adopt Resolution #R-20-083:

Ayes: Dolan, Wright, Helgeson, Nelson, Tweedy, Wilder, Faraldi 7

Noes: 0

// In the matter of the Fire Department, Consent Agenda Item #7, Resolution #R-20-084 amending the FY 2021 City/Federal/State Aid Fund budget and appropriate \$76,507 with resources from the 2020 State Homeland Security Program (SHSP) grant from U.S. Department of Homeland Security (DHS) to fund equipment for the Fire Department Technical Rescue Team, received a second reading. On motion of Councilmember Helgeson, seconded by Vice Mayor Wright, Council by the following recorded vote approved the motion to adopt Resolution #R-20-084:

Ayes: Dolan, Wright, Helgeson, Nelson, Tweedy, Wilder, Faraldi 7

Noes: 0

// In the matter of the Police Department, Consent Agenda Item #8, Resolution #R-20-085 amending the FY 2021 City/Federal/State Aid Fund budget and appropriate \$32,130 with resources from the 2020 Edward Byrne Memorial Justice Assistance Grant (JAG) to purchase law enforcement equipment for the Lynchburg Police Department, Lynchburg Sheriff's Office and the Office of the Commonwealth's Attorney, received a second reading. On motion of Councilmember Helgeson, seconded by Vice Mayor Wright, Council by the following recorded vote approved the motion to adopt Resolution #R-20-085:

Ayes: Dolan, Wright, Helgeson, Nelson, Tweedy, Wilder, Faraldi 7

Noes: 0

// In the matter of the Police Department, Consent Agenda Item #9, Resolution #R-20-086 amending the FY2021 City/Federal State Aid Fund budget and appropriate \$122,990 with resources from the 2020

State Homeland Security Program (SHSP) Grant through the Virginia Department of Emergency Management (VDEM) to purchase mobile vehicle barriers and a trailer for the Lynchburg Police Department, received a second reading. On motion of Councilmember Helgeson, seconded by Vice Mayor Wright, Council by the following recorded vote approved the motion to adopt Resolution #R-20-086:

Ayes: Dolan, Wright, Helgeson, Nelson, Tweedy, Wilder, Faraldi 7

Noes: 0

// In the matter of the Police Department, Consent Agenda Item #10, Resolution #R-20-087 amending the FY 2021 City/Federal/State Aid Fund budget and appropriate \$59,138 with resources of \$29,569 from the Bulletproof Vest Partnership 2020 Grant Program and \$29,569 transferred from the FY2021 General Fund Police Department and Sheriff's Office budgets to purchase 74 replacement ballistic vests for law enforcement officers, received a second reading. On motion of Councilmember Helgeson, seconded by Vice Mayor Wright, Council by the following recorded vote approved the motion to adopt Resolution #R-20-087:

Ayes: Dolan, Wright, Helgeson, Nelson, Tweedy, Wilder, Faraldi 7

Noes: 0

// In the matter of Community Development – Rezoning, Agenda Item #11, a public hearing was held to discuss adopting Ordinance #O-20-026 approving amendments to Zoning Ordinance Section 35.2-45, Limited Business District (B-1), Section 35.2-46.4, B-3 District Development Standards, Section 35.2-48.4, B-5, District Development Standards, Section 35.2-61.2, Additional Height Regulations and Section 35.2-61.3, Setbacks related to residential uses permitted by right as part of mixed use developments.

Mr. Tom Martin, City Planner, provided Council with a brief summary of the request. At its September 22, 2020 meeting, City Council directed staff to prepare Zoning Ordinance amendments related to residential uses permitted by right as part of mixed use developments in business districts. City staff prepared draft amendments based on discussion with City Council at that meeting and with

representatives from the Richland Hills Neighborhood Association. At its October 28, 2020 meeting, the Planning Commission requested that ground floor residential be defined. The proposed amendments would:

- Clarify that multi-tenant commercial developments or mixed-use developments are limited to fifty thousand (50,000) sf per lot.
- Define ground floor residential as the floor of a building most nearly on a level with the ground and facing the public street.
- Prohibit ground floor residential in the B-1, B-3 & B-5 Districts.
- For lots in the B-1 District, limit buildings to two (2) stories when adjacent to an R-1, R-2 or R-3 District.
- Require commercial space to comprise at least fifty percent (50%) of building gross floor area when part of a mixed-use development in the B-1, B-3 & B-5 District.
- For lots in the B-1 District, require a fence at least six (6) feet in height to be established when adjacent to an R-1, R-2 or R-3 District.
- For lots in the B-1 District, require height to be measured from the natural grade at the horizontal midpoint of the building when adjacent to a residential district.
- For lots in the B-1 District, require a fifty (50) foot setback when adjacent to an R-1, R-2 or R-3 District.

Mr. Martin stated that what staff found over time, was that the way the ordinance was written allowed for much larger developments than what was originally acceded for the purpose of the B-1 District. Staff also looked at the B-3 District and determined it appropriate to maintain the same ratio of commercial to residential to try and maintain the primary use of those districts as commercial.

Mr. Martin continued, stating that the Richland Hills Neighborhood Association has concerns with the ordinance and would like to have conditional use permits required for any mixed use development. Another concern of the association is the ability of properties to be further subdivided. However, staff feels it is unreasonable to limit a large parcel to only 50,000 square feet.

Mr. Jason Snyder, President of the Richland Hills Association, was in attendance and made a presentation. He stated that the association is in full support of the changes that staff is proposing. These changes serve to clarify and strengthen sections of the zoning ordinance that have left room for developers to take B-1 property and turn it into high density residential apartment complexes. At a minimum, the association hopes that Council approves these amendments to the ordinances to better protect neighborhoods across Lynchburg from these large scale developments being built in their backyards and better ensuring future developments are living up to the spirit of the zoned district as defined by the zoning ordinance.

There was one area of the amendments that the association does still have concern. Developers that wish to build mixed use residential in B-1 Districts should be required to apply for a Conditional Use Permit (CUP) when proposing apartments in the upper floors of their buildings. The association is of the strong belief that B-1 Districts should have an extra level of review by Council, given its proximity to neighborhoods and traffic concerns that stem from that.

There was no one to speak in either favor or opposition, either in person, or through voicemail or through email. The public hearing was closed and the matter rested with Council.

Councilmember Helgeson made the motion to approve the ordinance with the amendment suggested by the Richland Hills Neighborhood Association to require a CUP when developers propose adding residential units in a B-1 District stating that as elective representatives, it is imperative to hear from citizens. If the development vastly changes the area, it is important to hear from the citizens it will be affecting.

Councilmember Faraldi seconded the motion. As the Ward IV representative he is familiar with this project and has worked with the neighborhood to initiate this process of approving the amendments. He also stated that adding an extra layer of oversight is prudent.

Councilmember Nelson asked staff to clarify a discrepancy on the presentation that referenced Section 35.2-45, Section 35.2-46, and Section 35.2-48.4 (presentation slide numbers 14, 15, and 16, respectively) this new ordinance would require 50/50 ratio of commercial to residential for mixed use

developments, where the ordinance actually says a minimum of 50/50 ratio. It's a technical inconsistency between the ordinance and the presentation slide but in the effort of transparency, he wanted to make the public aware. He further explained that what was stated in the ordinance is actually better because it implies that there be at least more residential than commercial. He will be supporting the motion because he thinks it a good reservation of authority to have the opportunity for Council to review any commercial business development with residential units that may lie next to a residential area.

Vice Mayor Wright inquired about the consequences if a CUP is required for this type of development. Mr. Martin explained that any time a developer wanted to do a mixed use development in a B-1 District, whether it be commercial or residential, it would need to come before the Planning Commission and then City Council. He discouraged requiring a CUP in B-3 and B-5 Districts due to those being more intense districts. He also stated the importance of encouraging mixed-use throughout the city.

Mayor Dolan said that she will be supporting this motion because Council needs to respect the integrity of the neighborhoods and oversight of the B-1 District is reasonable.

With no other discussion from Council, the following vote was recorded approving Ordinance #O-20-026:

Ayes: Dolan, Wright, Helgeson, Nelson, Tweedy, Wilder, Faraldi	7
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Noes:	0
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// In the matter of Economic Development, Agenda Item # 12, a public hearing was held to consider adopting Resolution #R-20-088 amending the geographic boundaries and local incentives for Enterprise Zone #2 and #46.

Ms. Marjette Upshur, Director of Economic Development & Tourism, provided Council with a brief summary of the request. Enterprise Zones are geographically specific areas established by the Commonwealth of Virginia to provide incentives for businesses to locate or expand, stimulating economic development within the designated areas. Commercial and industrial businesses located in one of the

City's Enterprise Zones may be eligible to apply for two grant programs offered by Virginia DHCD; a real property improvement grant and a job creation grant. In 2019 alone, twelve businesses located in the City of Lynchburg's Enterprise Zones, received \$1,175,524 in cash grants for real property improvements and for job creation.

Ms. Upshur stated that Lynchburg has two Enterprise Zones; Zone # 2 and Zone #46. Under the state's regulations, the zone size is limited to 7% of the locality's total land area. Currently, Zone #2 is at 6.94% and Zone #46 is at 6.87%. Given the maturity of these zones, staff recently audited these areas to ensure they are being utilized to allow as many businesses as possible to take advantage of the incentives. Staff worked diligently to identify residential or government-owned property where the zone designation provides no benefit and would render the property ineligible for this program. Only three noncontiguous areas are allowed; these zones cannot be picked up and placed anywhere. As such, staff looked at the edges of the established zones to see where there were pockets of unqualified properties. The parcels identified as ineligible for this program and are being proposed for removal from the zone are 3525 John Capron Road (LCS Transportation Facility) and 331 Chapel Lane (vacant land with access limitations). Both of these parcels are publicly owned.

Ms. Upshur stated that these zone boundaries are eligible for amendment upon approval of City Council and DHCD. The final approval of the boundaries amendment lies with the state; however, City Council is required to conduct a public hearing regarding the proposed amendments and execute a resolution supporting the request.

There was no one to speak in either favor or opposition, either in person, or through voicemail or through email. The public hearing was closed the matter rested with Council.

Vice Mayor Wright made the motion to approve the resolution, thanking staff for being vigilant in finding these opportunities to increase the coverage of the Enterprise Zones. Councilmember Helgeson seconded the motion.

With no other discussion from Council, the following vote was recorded approving Resolution #R-20-088:

Ayes: Dolan, Wright, Helgeson, Nelson, Tweedy, Wilder, Faraldi

7

Noes:

0

// In the matter of Community Development, Agenda Item #13, Council considered adopting a resolution approving the renaming of the existing public street located between Page Street and Caroline Street, currently named Hillcrest Avenue, as Caroline Street.

Ms. Victoria Glasgow, Neighborhood Planning Coordinator, provided a brief summary of the request. The City of Lynchburg is petitioning to rename a portion of public right-of-way named Hillcrest Avenue as Caroline Street for E911 and postal service purposes. The name change will alter the address of one (1) private undeveloped property and one (1) city-owned undeveloped property. Presently, the street name changes from Caroline Street to Hillcrest Avenue in the middle of the street. Once approved, the street will instead change names at the intersection of Hillcrest Avenue and Page Street.

On August 18, 2020 The Technical Review Committee reviewed the petition and had no issues. On September 9, 2020 the Planning Commission reviewed the item and had no comment. On October 13, 2020 the Physical Development Committee reviewed this item and recommended approval.

Councilmember Wilder, who chaired the Physical Development Committee meeting when this item was reviewed, stated that the committee recommended approval because there was no objection from any of the neighbors (all were contacted), and overall, will help with receiving emergency services to this area. He brought the committee's recommendation forward as a motion to approve the resolution; no second was needed and Council, by the following recorded vote, approved the motion:

Ayes: Dolan, Wright, Helgeson, Nelson, Tweedy, Wilder, Faraldi

7

Noes:

0

// In the matter of the City Manager's Office, Agenda Item #14, Council considered adopting the 2021 Legislative Agenda. Interim City Manager Dr. Reid Wodicka provided Council with a brief summary of the request. At its October 27, 2020 meeting, Council reviewed recommended revisions to the 2021

Legislative Agenda for the upcoming General Assembly session. City Council requested the following revisions to the proposed language:

- Councilmember Faraldi requested the addition of a statement opposing unfunded mandates from state government
- Vice Mayor Wright requested the addition of a statement requesting that the General Assembly revise the City Charter to eliminate the salary cap for Lynchburg City Council members.
- Councilmember Tweedy requested the addition of a statement advocating for General Assembly action to improve early childhood education.

Vice Mayor Wright recommended the following additions to the City's legislative agenda based on the Virginia First Cities Legislative Agenda:

- Addition of language supporting additional options for the City to address blighted properties
- Addition of language supporting a comprehensive governmental effort to improve broadband access and affordability
- Addition of language supporting revising the Aid to Localities with Police Departments funding formula to more adequately address the challenges faced by urban police departments
- Addition of language supporting measures to assist local government to reduce their carbon footprint and promote energy efficiency

Councilmember Helgeson requested clarification that the law regarding blighted properties did not change where Council would need to petition the General Assembly, but rather the Housing Authority priorities have changed where they no longer are able to run the program for blighted properties. City Attorney Mr. Walter Erwin stated that the General Assembly did change some of the laws dealing with spot blight that the Housing Authority felt it more difficult to implement the program.

Vice Mayor Wright stated that this term is to add language making it possible to transfer blighted properties into a land bank. This is not necessarily to talk of the program as it existed. Mr. Erwin clarified that what would happen is the housing authority would get the property and would have the authority to convey the property to a new owner. This would allow the property to go into a land bank to be held and then used as the City felt appropriate. That's not something that is available under the current law.

Vice Mayor Wright made the motion to approve Resolution #R-20-090, seconded by Councilmember Wilder. With no other discussion from Council, the following vote was recorded:

Ayes: Dolan, Wright, Helgeson, Nelson, Tweedy, Wilder, Faraldi 7

Noes: 0

// On motion of Councilmember Wilder, seconded by Councilmember Faraldi, Council, by the following recorded vote, elected to hold a closed meeting to discuss the disposition of certain real property identified as 97 Page Street, Lynchburg, Virginia, including, if any, improvements thereon; and to discuss the appointment of members to the Economic Development Authority, Historic Preservation Committee, Parking Authority, Social Services Advisory Board, City Employee Appeals Board, Horizon Board of Directors, and for discussion and consideration of prospective candidates for appointment as the Clerk of Council, pursuant to Section 2.2-3711(A)(3) and Section 2.2-3711(A)(1) of the Code of Virginia, 1950, as amended.

Ayes: Dolan, Wright, Helgeson, Nelson, Tweedy, Wilder, Faraldi 7

Noes: 0

// The meeting was re-opened to the public.

// Councilmember Helgeson made the following motion:

WHEREAS, the Council of the City of Lynchburg has convened a closed meeting on this date, pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2 3712 of the Code of Virginia requires a certification by City Council that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Lynchburg certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification

resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by Council.

The motion was seconded by Councilmember Faraldi, and Council, by the following recorded vote, adopted the motion:

Ayes: Dolan, Wright, Helgeson, Nelson, Tweedy, Wilder, Faraldi 7

Noes: 0

// On motion of Councilmember Helgeson, seconded by Councilmember Wilder, Council by the following recorded vote appointed the following members to the respected boards and commissions:

Economic Development Authority: no appointments were made at this time.

Historic Preservation Committee: no appointments were made at this time.

Parking Authority: Mr. David Cook – term ending October 31, 2025.

Social Services Advisory Board: Mr. Timothy Schoonmaker – unexpired term ending September 30, 2021; Mr. Mitchel Gilman – unexpired term ending September 30, 2023.

City Employee Appeals Board: no appointments were made at this time.

Horizon Board of Directors: Councilmember Chris Faraldi – term ending December 31st, 2023.

Ayes: Dolan, Wright, Helgeson, Nelson, Tweedy, Wilder, Faraldi 7

Noes: 0

// The meeting was adjourned at 10:10 p.m.

Interim Clerk of Council

November 10, 2020

AGENDA ITEM #: 6

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 8, 2020**

AGENDA ITEM #: **7**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: 2021 General Fund Personnel budget medic unit staffing: \$193,936 for the Fire Department.

KEY ELEMENTS:

___Economic Development ___Excellent Government ___Natural and Built Environment **X**Safe Community ___Vibrant Community

RECOMMENDATION: Adopt a resolution to amend the FY 2021 General Fund Personnel budget and appropriate \$193,936 with resources from the Fire Medic Unit Reserve to fund six Advanced Life Support Firefighters for the Fire Department.

SUMMARY: The Fire Department seeks authorization to appropriate funds for six additional personnel as previously approved by City Council. The personnel will staff an additional medic unit and \$193,936 is the amount of funding needed for the FY 2021 General Fund Personnel budget. Additionally, the total personnel budget for these six Advance Life Support Firefighters for FY 2022 will be \$387,872.

PRIOR ACTION(S): City Council first reading November 10, 2020

FISCAL IMPACT: Future funding for these six employees beginning in FY 2022 will be \$387,872

CONTACT(S): Fire Chief Greg Wormser, 455-6345
Deputy Chief Jonathan Wright, 455-6353
Fire Administrative Manager Annette Pettyjohn, 455-6368

ATTACHMENT(S): Resolution

REVIEWED BY: raw

RESOLUTION:

BE IT RESOLVED that the FY 2021 General Fund budget is amended and \$193,936 is appropriated with resources from the Fire Medic Unit Reserve to fund six Advanced Life Support Firefighters for the Fire Department.

Introduced: November 10, 2020

Adopted: December 8, 2020

Certified: _____
Interim Clerk of Council

RESOLUTION:

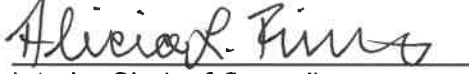
#R-20-093

BE IT RESOLVED that the FY 2021 General Fund budget is amended and \$193,936 is appropriated with resources from the Fire Medic Unit Reserve to fund six Advanced Life Support Firefighters for the Fire Department.

Introduced: November 10, 2020

Adopted: December 8, 2020

Certified:


Interim Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 8, 2020**

AGENDA ITEM #: **8**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Rezoning – B-3C, Community Business District (Conditional) to B-3C, Community Business District (Conditional) – 2627 Old Forest Road, 2624 and 2700 Confederate Avenue

KEY ELEMENTS:

☒ Economic Development ☐ Excellent Government ☒ Natural and Built Environment ☐ Safe Community ☒ Vibrant Community

RECOMMENDATION: Approval of the rezoning petition from B-3C Community Business District (Conditional) to B-3C, Community Business District (Conditional)

SUMMARY: Meanwhile Back on the Farm is petitioning to rezone approximately three and sixty-one hundredths (3.61) acres at 2627 Old Forest Road, 2624 and 2700 Confederate Avenue from B-3C, Community Business District (Conditional) to B-3C, Community Business District (Conditional) to amend a previously approved concept plan.

The approved concept plan was proffered during a rezoning in 2014 and showed a restaurant use in the existing manor house and a three-thousand (3,000) square foot event space. The proposed concept plan shows a retail use in the manor house and a four-thousand (4,000) square foot event space.

PRIOR ACTION(S):

November 11, 2020: The Planning Division recommended approval of the rezoning petition.
The Planning Commission recommended approval (7-0)

FISCAL IMPACT: None.

CONTACT(S):

Rachel Frischeisen, Planner II – 455-3900
Tom Martin, City Planner – 455-3900

ATTACHMENT(S):

- Ordinance
- Planning Commission Minutes – November 11, 2020
- Planning Commission Packet – November 11, 2020
 - Planning Commission Report
 - Zoning Map with Adjoining Owners
 - Future Land Use Map
 - Watershed Map
 - Planimetric and Topographic Map
 - Concept Plan
 - Narrative
 - Property Photograph
 - Speaker Signup Sheet

REVIEWED BY: klw

152A

UNCODIFIED ORDINANCE:

AN ORDINANCE CHANGING A CERTAIN AREA LOCATED AT 2627 OLD FOREST ROAD, 2624 AND 2700 CONFEDERATE AVENUE FROM B-3C, COMMUNITY BUSINESS DISTRICT (CONDITIONAL) TO B-3C, COMMUNITY BUSINESS DISTRICT (CONDITIONAL).

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG that in order to promote the public necessity, convenience, welfare and good zoning practice that Chapter 35.2 of the Code of the City of Lynchburg, 1981, as amended, be and the same is hereby further amended by adding thereto Section 35.2-54. __ which shall read as follows:

Section 35.2-54. __. Change of a certain area located at 2627 Old Forest Road, 2624 and 2700 Confederate Avenue from B-3C, Community Business District (Conditional) to B-3C, Community Business District (Conditional).

The area embraced within the following boundaries:

PID 16610001

BEGINNING at a point in the center line of Boxwood Place (a vacated 50' right of way), said center line point also lying on the western right of way line of Old Forest Road (a variable width public right of way), THENCE leaving said center line of said Boxwood Place (vacated) with three (3) lines of said western right of way line of Old Forest Road, along a curve to the left (said curve having a Delta = $7^{\circ}05'47''$, Radius = 829.33, Chord = 102.65, and Chord Bearing = $S35^{\circ}43'25''E$), 102.72 feet to a point; THENCE $S39^{\circ}16'19''E$, 137.86 feet to a point; THENCE along a curve to the left (said curve having a Delta = $9^{\circ}59'09''$, Radius = 877.83, Chord = 152.80, Chord Bearing = $S44^{\circ}15'54''E$), 152.99 feet to a point, a common corner to Driskill; THENCE with said Driskill $S55^{\circ}28'26''W$, 277.51 feet to point in the line of said Driskill; THENCE leaving said Driskill with Parcels "C" and "B" respectively, $N36^{\circ}40'14''W$, 325.70 feet to a point, a common corner with said Lot "B"; THENCE with said Lot "B" $S63^{\circ}04'14''W$, 108.97 feet to a point on the eastern right of way line of Confederate Avenue (a 50' public right of way), THENCE leaving said Lot "B" with said eastern right of way line of Confederate Avenue $N26^{\circ}55'46''W$, 97.66 feet to a point in the said center line of Boxwood Place (vacated); THENCE leaving said eastern right of way line of Confederate Avenue, with the said center line of Boxwood Place (vacated) $N63^{\circ}04'14''E$, 348.46 feet to the BEGINNING.

Containing 2.633 acres and being Lot "A" as shown on a plat entitled "Barksdale Place" dated February 7, 2014 and also as shown on a plat of "Barksdale Place" dated October 24, 2001 recorded in Plat Cabinet 6, Slide 386 and the southern 25' portion of said Boxwood Place (vacated).

PID 16610009

Beginning at a point in common with the right-of-way at Confederate Avenue at the northern end of the property moving in an easterly direction towards Old Forest Road at $N63^{\circ}04'14''E$ for 108.97' to an iron rebar corner; thence $S36^{\circ}40'14''E$ for 165.12' to an iron rebar corner; thence $N63^{\circ}04'14''E$ for 136.44' to an iron rebar corner common with the right-of-way with Confederate Avenue; thence along a curve to the right (said curve having a Delta = $2^{\circ}39'41''$, Radius = 432.14 feet, Chord = 20.07 feet, Chord Bearing = $N28^{\circ}15'36''W$), 20.07 feet to an iron rebar along Confederate Avenue in a northerly direction $N26^{\circ}55'46''W$ at 142.67' to the point of beginning.

The property described contains 0.459 Acres. The description of the property has been taken from a plat entitled Barksdale Place, Dated February 7, 2014 by Acres of Virginia.

PID 16610010

Beginning at a point in common with the right-of-way at Confederate Avenue at the northern end of the property moving in an easterly direction towards Old Forest Road at $N63^{\circ}04'14''E$ at 136.44' to an iron

rebar corner; thence S36°40'14"E for 160.59' to an iron rebar corner; thence S55°28'26"W for 119.09' to an iron rebar corner in common with the right-of-way at Confederate Avenue; thence moving in a northerly direction along the right-of-way with Confederate Avenue along a curve to the right (said curve having a Delta = 24°01'32", Radius = 432.14 feet, Chord = 179.88 feet, Chord Bearing = N41°36'13"W), 181.21 feet to the point of Beginning.

The property described contains 0.518 Acres. The description of the property has been taken from a plat entitled Barksdale Place, Dated February 7, 2014 by Acres of Virginia.

...is hereby changed from B-3C, Community Business District (Conditional) to B-3C, Community Business District (Conditional) subject to the conditions herein below which were voluntarily proffered in writing by the petitioner, Meanwhile Back on the Farm, to wit:

1. Ensuing site plans will be developed in substantial conformance with the concept plan to be approved by Lynchburg City Council.
2. We confirm that all external alterations as required will be developed in accordance with approvals by the Historic Preservation Commission. This matter is respectfully offered for your consideration.

And the City Planner shall forthwith cause the "Official Zoning Map of the City of Lynchburg, Virginia" referred to in Section 35.2-32 of this chapter to be amended in accordance therewith.

Adopted:

Certified: _____
Interim Clerk of Council

MINUTES OF THE NOVEMBER 11, 2020 PLANNING COMMISSION MEETING (MINUTES HAVE NOT BEEN APPROVED):

Petition of Meanwhile Back on the Farm to rezone approximately three and sixty-one hundredths (3.61) acres at 2627 Old Forest Road, 2624 & 2700 Confederate Avenue from B-3C, Community Business District (Conditional) to B-3C, Community Business District (Conditional) to amend previously approved proffers by allowing sewing and retail sales and to enlarge the proposed event center from three thousand (3000) square feet to four thousand (4000) square feet.

Ms. Rachel Frischeisen, Planner II, provided the following summary to the Commission. Meanwhile Back on the Farm is petitioning to rezone this property to revise a previously proffered concept plan. As the chair stated, the property is three tracts, with the main parcel being 2627 Old Forest Road, and comprises three and sixty-one hundredths (3.61) acres. The property is designated for medium density residential use on the City's Future Land Use Map (FLUM). The City's comprehensive plan states that, "In addition to residential uses, these areas may include public and institutional uses compatible in scale with single-family residential homes. Private recreation uses, including country clubs, swim and racquet clubs, and private open space are also appropriate." This property was previously rezoned in 2014, from R-3, Medium Density Residential to B-3C, in order for the existing manor house building to be used as a restaurant and to allow the construction of a special events center and associated parking. Substantial compliance with the concept plan was proffered in the 2014 rezoning. This petition proposes to revise the concept plan to allow for a slightly larger event space. In the 2014 petition, this property was also designated as a local historic district, known as Locust Thicket, so any exterior changes and any new facilities constructed on the property will go through review by the City's Historic Preservation Commission to ensure the changes are appropriate. If this rezoning is approved, the existing manor house will be used as a retail store, with space for the sewing and assembly of canvas and leather accessories, such as bags and belts. A four thousand (4,000) square foot special events space is also proposed on the property. The existing cabin on site will be renovated for use in the future as a gift shop. In summary, the concept plan is very similar to the previous rezoning in 2014. The concept plan shows a four thousand (4,000) square foot event space, whereas the 2014 concept plan allowed a three thousand (3,000) square foot space. The use should not have a significant impact on the surrounding neighborhood. Additionally, the site's designation as a local historic district provides another layer of protection for the neighborhood, since the Historic Preservation Commission will need to review changes and will ensure that the district's character is maintained. Approval of the petition will also allow for the reuse of a historic site.

Chair Rogers asked who was present to speak on behalf of the petition.

Mr. Bobby Harris, co-owner of Meanwhile Back on the Farm, addressed the Commission. They are canvas and leather bag makers. They also make some other small accessories. Currently the business exists on Old Forest Road but they are looking to expand into a new space. They are excited about the expansion and believe the new property is in keeping with the story and character of their business. They believe that they can do a lot for the property as it "needs some love" and is due for a cleanup. Their business is overall a low impact, benign operation and is quiet and calm.

Ms. Carolyn Howard of Draper Aden Associates addressed the Commission. This petition presents a few differences from the previously approved rezoning from 2014. One difference is that the entrance off of Old Forest Road will be made two-way and the Confederate Drive access will be made emergency access only. This will protect the single-family homeowners. The petitioner is also looking at improving the landscape on the property to make it more historically accurate and to provide more visibility of the beautiful building.

Chair Rogers asked if there was anyone present who wished to speak in favor of the petition.

Mr. Vance Driskill, who owns 2613 and 2610 Confederate Avenue, addressed the Commission. He is in favor of the business and welcomes them as a neighbor but has three (3) small concerns. His first concern is that the front doors and living rooms of the units next door face the property and will be subject to headlights shining directly at them. When the previous rezoning was approved, the thicket was to be thinned out and barriers were to be placed there. He would like to request some sort of privacy fence or vegetation be installed. The second concern was addressed by the change being made to the entrance off of Old Forest Road, which should make it a little safer. The third concern is the hand-dug well within fifty (50) feet of his property. He has always had some concerns about it in terms of safety. It does not have an appropriate cover on it and he would like to see that be addressed by the new owners. Other than that he welcomes them and the changes they will bring to the property.

Chair Rogers asked if there was anyone present who wished to speak in opposition of the petition.

Mr. Herman Garland Jr., of 2636 Old Forest Road, addressed the Commission. He has lived there since 1985 and the neighborhood has a sort of fellowship. He speaks with all of his neighbors. He is concerned about how the business will affect what is there now. Concerning the traffic, it can back up from the stoplight, past his house, all the way to the duplexes. Another concern is how the construction and proposed changes are going to affect the nearby residents. It is currently a peaceful neighborhood, where all of the residents get along with each other. He previously was not a "history buff" but since seeing the different companies occupy the historical house on the property has become interested in how things were built back then and how to preserve them. He would like the historical aspect of the structure to remain. He is not for the petition; he retired in the area last year and likes the way that things are now.

Chair Rogers asked if the petitioner would like to offer a rebuttal.

Mr. Harris stated that the historical nature of the building is one of the things that attracted them to the property. They intend to preserve the building and its façade. Any future buildings, as shown on the plan, will have to be approved by the Historic Preservation Commission (HPC) and will be in keeping with the existing façade. They also want to be good neighbors. Any buffer or vegetation that needs to be there will be installed. He can see how the way the parking is aligned could be pointing at neighboring houses. They don't want to be nuisance and believe that they will ultimately add value.

Commissioner Light noted that Mr. Harris lives in an older house because he and his wife treasure historic structures and their preservation.

Mr. Harris agreed.

Chair Rogers closed the public hearing.

Commissioner Perault stated that he supports the petition. He likes when petitions are able to reuse existing buildings and this petition is not a radical change from the approved rezoning from 2014. The business will also be required to follow the guidelines of the Historic Preservation Commission (HPC) so the character of the structure will be maintained. He had not thought about the headlight issue. That is a big deal but is unsure of the traffic pattern of the business at night since it is not a restaurant. Depending on that, it may not be problem. It also may not be enough of a stopping point to require a formal buffer but is worth a discussion. In general, he is in favor of the petition.

Commissioner Johnson asked Mr. Harris what the operating hours of the business are.

Mr. Harris responded that their current hours are 7am to 5pm. They just expanded their operating hours, which previously were 7am-3pm.

Commissioner Johnson noted that multiple types of businesses have used this property in the past. It has always been a commercial use. Recently it has been sitting vacant and falling apart so she is thrilled to see a business come in that will take care of it and preserve the integrity of it. She believes that this business and these owners will be good neighbors and will enhance the property. There should not be a lot of increased activity that will be a nuisance to the neighborhood. She is in favor of the petition.

Commissioner Marion asked why changes to the property need to be approved by the Historic Preservation Commission (HPC).

Ms. Frischeisen responded that the three tracts of property were designated a local historic district in 2014, which is known as the Locust Thicket historic district.

Commissioner Marion asked if Meanwhile Back on the Farm has proffered to install a vegetative buffer.

Ms. Frischeisen responded that there is not a proffer for a vegetative buffer. During the site plan phase, a twenty (20) foot evergreen buffer would be required. There is a good amount of vegetation out there now so the requirement might be supplemental. Also during the site plan phase, lighting trespass to the residential properties would be examined and reduced as needed.

Commissioner Marion noted that if the business operations close at 5pm there should not be much trouble with headlights.

Chair Rogers asked if the event center would come back before the Commission for approval.

Ms. Frischeisen responded that the concept plan for this petition shows the event center so it would not come back before the Commission. In the previous rezoning a three thousand (3,000) square foot event center was approved and could be built now. This petition asks to increase the size of the event center to four thousand (4,000) square feet and is one of the main reasons for the petition.

Chair Rogers noted that the event center is most likely what would cause issues with headlights.

Ms. Frischeisen responded that the events that they host consist of customers building custom bags. Previously, the restaurant operated there and this would not be more impactful than that.

Commissioner Bowden asked for more information on the events that will be held.

Mr. Harris responded that the wording "event space" might be misleading. Pre-Covid, their events would consist of selling slots to two (2) groups of people, typically women, on a Saturday. There would be a morning group and an afternoon group and the event would be professionally catered. The groups would come in and help choose materials, design, and construct their bags.

Commissioner Bowden asked if the additional building would be for those events.

Mr. Harris responded that the existing manor house and the potential event space would be utilized in the same fashion. They would both be a mix of assembling the bags and retail.

Commissioner Light noted that their bags are very creative and attractive. They have a national and maybe even international following at this point.

Commissioner Bowden stated that Meanwhile Back on the Farm is going to utilize the area because it is part of their brand. Any new structures will match the look of the existing structure. The events will

take place during the day and should not contribute light or noises at inappropriate times. He is thrilled to see the property be used as it is a unique part of Lynchburg.

Mr. Harris agreed and stated that it is a beautiful property.

Commissioner Johnson noted that while driving past the existing business location, the parking lot has never been too full. This will be an expansion for the business but there should not be a lot of traffic impact on the neighborhood.

Mr. Harris noted that they have been lucky to be at their current location and it has been instrumental in helping their growth.

Chair Rogers asked if the proposed new construction includes vegetative clearing or if it will retain a similar vegetative footprint in terms of the view shed.

Mr. Harris responded that it will be well within the buffer range all around the property. It is possible a handful of trees may need to be cleared to construct the new building though.

Commissioner Lowe noted that there are a lot of trees surrounding the parking lot.

Mr. Harris shared agreement.

Commissioner Lowe stated that this will be a wonderful use of the property. It will not be impeding on the surrounding residences and will not detract from their quality of life. He supports the petition.

Commissioner Bowden made the following motion, seconded by Commissioner Light, and approved by the following vote:

“Based on the preceding Findings of Fact, the Planning Commission recommends to City Council approval of the petition of Meanwhile Back on the Farm to rezone approximately three and sixty-one hundredths (3.61) acres located at 2627 Old Forest Road, 2624 and 2700 Confederate Avenue from B-3C, Community Business District (Conditional) to B-3C, Community Business District (Conditional), subject to the following voluntarily submitted proffers:

- a. Ensuing site plans will be developed in strict accordance with the concept plan to be approved by Lynchburg City Council.**
- b. We confirm that all external alterations as required will be developed in strict accordance with approvals by the Historic Preservation Commission. This matter is respectfully offered for your consideration.”**

AYES:	Bowden, Johnson, Light, Lowe, Marion, Perault, and Rogers	7
NOES:		0
ABSTENTIONS:		0
ABSENT:		0

The Department of Community Development

City Hall, Lynchburg, VA 24504 **434-455-3900**

To: Planning Commission
From: Planning Division
Date: November 11, 2020
Re: **Rezoning: B-3C Community Business District (Conditional) to B-3C, Community Business District (Conditional) – 2627 Old Forest Road, 2624 and 2700 Confederate Avenue**

I. PETITIONER

Contract Purchaser: Meanwhile Back on the Farm, 3813 Old Forest Road, Lynchburg, VA 24501

Current Owner: CDDI Development Group LLC, 2627 Old Forest Road, Lynchburg, VA 24501

Representative: Carolyn Howard, P.E., Draper Aden Associates, 2206 South Main Street, Blacksburg, VA 24060

II. LOCATION

The subject property includes three (3) tracts totaling approximately three and sixty-one hundredths (3.61) acres located at 2627 Old Forest Road, 2624 and 2700 Confederate Avenue, Lynchburg, VA 24501

III. PURPOSE

The purpose of the petition is to rezone approximately three and sixty-one hundredths (3.61) acres located at 2627 Old Forest Road and 2624 and 2700 Confederate Avenue from B-3C, Community to amend previously approved proffers by allowing sewing and retail sales and to enlarge the proposed event center from three thousand (3,000) square feet to four thousand (4,000) square feet

IV. SUMMARY

- The *Future Land Use Map (FLUM)* recommends a Medium Density Residential use for this property.
- Petition agrees with the *Zoning Ordinance* which permits banquet halls and restaurants in a B-3, Community Business District.
- The rezoning would facilitate the use of a historic site.

The Planning Division recommends approval of the rezoning petition.

V. FINDINGS OF FACT

1. **Comprehensive Plan.** The *FLUM* of the *Comprehensive Plan 2013-2030* recommends a Medium Density Residential use for the area. Medium Density Residential areas “are characterized by small-lot, single family detached housing, duplexes and townhouses at densities up to 12 units per acre. Where neighborhoods already exist, infill development should be at a compatible density and housing type. In addition to residential uses, they may include public and institutional uses compatible in scale with single-family residential homes.

Private recreation uses, including country clubs, swim and racquet clubs, and private open space are also appropriate.” (pg. 72).

2. **Zoning.** The subject property was annexed into the City in 1958. The existing B-3C Community Business District (Conditional) zoning was established in 2014 when it was rezoned from R-3, Medium Density Residential District.
3. **Proffers.** The petitioner has voluntarily submitted the following proffers:
 - a. Ensuing site plans will be developed in substantial conformance with the concept plan to be approved by Lynchburg City Council.
 - b. We confirm that all external alterations as required will be developed in accordance with approvals by the Historic Preservation Commission. This matter is respectfully offered for your consideration.
4. **Surrounding Area.** There have been several items requiring City Council approval in the immediate area:
 - On December 10, 1985, City Council approved the CUP petition of George T. Stewart to rezone approximately one and nine tenths (1.9) acres at 2909 and 2913 Old Forest Road and an unopened portion of Confederate Avenue from R-3, Two-Family Residential District, and B-1, Limited Business District, to R-3, Community Business District to allow the construction of an addition to an existing restaurant at 3009 Old Forest Road, the future construction of several retail/office buildings, and the construction of additional parking areas.
 - On May 9, 2006, City Council approved the petition of Rick Krason (1) to rezone approximately seven tenths (.7) of an acre located at 2901 Old Forest Road and (2) for a CUP to construct an animal medical facility.
 - On October 10, 1989, City Council approved the petition of William N. Riley to rezone approximately one (1) acre from B-1, Limited Business District, to B-3C, Community Business District (Conditional) to allow construction of a retail space with parking area and to rezone approximately nine-tenths (.9) acre at the rear of the property from R-2 Single-Family Residential District to B-1C, Limited Business District (Conditional), to allow the construction of an office building and parking area at 2728 Old Forest Road.
 - On February 13, 2001, City Council approved the petition of John Grier to (1) rezone approximately fourteen (14) acres at 2713 Old Forest Road from R-4 (Conditional), Multi-Family Residential District, to R-3, Two-Family Residential District, to remove the restriction of previously approved proffers and allow the construction of a Planned Unit Development (PUD), and (2) for a CUP to construct a PUD, Legacy Oaks Villas, with eighty-seven (87) single family detached dwelling units.
 - On July 8, 2014, City Council approved the petition of CDDI Development Group LLC to rezone approximately three and forty-one hundredths (3.41) acres located (on this site) at 2627 Old Forest Road, 2624 and 2700 Confederate Avenue from R-3, Medium Density, Two-Family Residential District to B-3C, Community Business District (Conditional), to allow the use of the existing building as a restaurant and to allow the construction of a special events center and associated parking. Council also approved the petition to designate 2624 and 2700 Confederate Avenue as part of the Locust Thicket Local Historic District.

5. **Site Description.** The subject property includes an existing historic manor house, a small cabin, a walled cemetery and ice well. The property is bound on all sides by existing single-family and two-family dwellings.
6. **Proposed Use of Property.** If the rezoning petition is approved, the existing manor house would be used as a retail store, with space for the sewing and assembly of canvas and leather accessories, such as bags and belts. A special events space is also proposed on the property. The existing cabin on site will be renovated for use in the future as a gift shop. Additional parking and pedestrian walkways will also be constructed.

All proposed improvements will be subject to Historic Preservation Commission (HPC) review prior to construction.

7. **Traffic, Parking and Public Transit.** The proposed development would generate approximately four hundred and thirty-three (433) trips per day and forty-nine (49) peak hour trips not surpassing the City thresholds for requiring a Traffic Impact Study (TIS) of five hundred (500) daily and fifty (50) peak hour trips.

The concept plan provides seventy-three (73) parking spaces, which exceeds the requirements of the *Zoning Ordinance*.

The property is served by Greater Lynchburg Transit Company's Route 8, which runs along Old Forest Road with a bus stop located approximately three hundred (300) feet away, at the intersection of Confederate Avenue and Old Forest Road.

8. **Stormwater Management.** Any new stormwater management facilities will outfall in a sheet flow condition via a level spreader. A site plan will be required which fully addresses quality, quantity and adequate channel requirements at the time of site plan review.
9. **Emergency Services.** The City Fire Marshal and Police Department had no comments of concern regarding the petition.
10. **Impact.** This petition is substantially similar to the previous rezoning from 2014. The concept plan shows a four thousand (4,000) square foot events space, whereas the 2014 concept plan allowed a three thousand (3,000) square foot space. The assembly of goods onsite will offer a unique retail experience for consumers, while still being low impact to the surrounding neighborhood.

As all improvements and changes to the property will require review by the Historic Preservation Commission (HPC) as required by the *Zoning Ordinance* and as proffered by the petitioner, which will ensure the site's character is maintained.

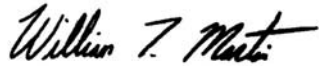
11. **Technical Review Committee.** The Technical Review Committee (TRC) reviewed the preliminary rezoning plan on October 20, 2020. Comments related to the proposed use have or will be addressed by the petitioner prior to final site plan approval.

VI. PLANNING DIVISION RECOMMENDATION

Based on the preceding Findings of Fact, the Planning Commission recommends to City Council approval of the petition of Meanwhile Back on the Farm to rezone approximately three and sixty-one hundredths (3.61) acres located at 2627 Old Forest Road, 2624 and 2700 Confederate Avenue from B-3C, Community Business District (Conditional) to B-3C,

Community Business District (Conditional), subject to the following voluntarily submitted proffers:

- a. Ensuing site plans will be developed in substantial conformance with the concept plan to be approved by Lynchburg City Council.
- b. We confirm that all external alterations as required will be developed in accordance with approvals by the Historic Preservation Commission. This matter is respectfully offered for your consideration.



William T. Martin, AICP
City Planner

pc: Dr. Reid Wodicka, Interim City Manager
Mr. Walter C. Erwin, City Attorney
Mr. Kent L. White, Interim Deputy City Manager/Community Development Director
Mr. J. Lee Newland, City Engineer
Ms. Cynthia Kozerow, Lynchburg Police Department
Battalion Chief Thomas Goode, Fire Marshal
Mr. Doug Saunders, Building Official
Mr. Kevin Henry, Zoning Administrator
Ms. Carolyn Howard, P.E., Draper Aden Associates
Mr. Bobby Harris, Meanwhile Back on the Farm

VII. ATTACHMENTS

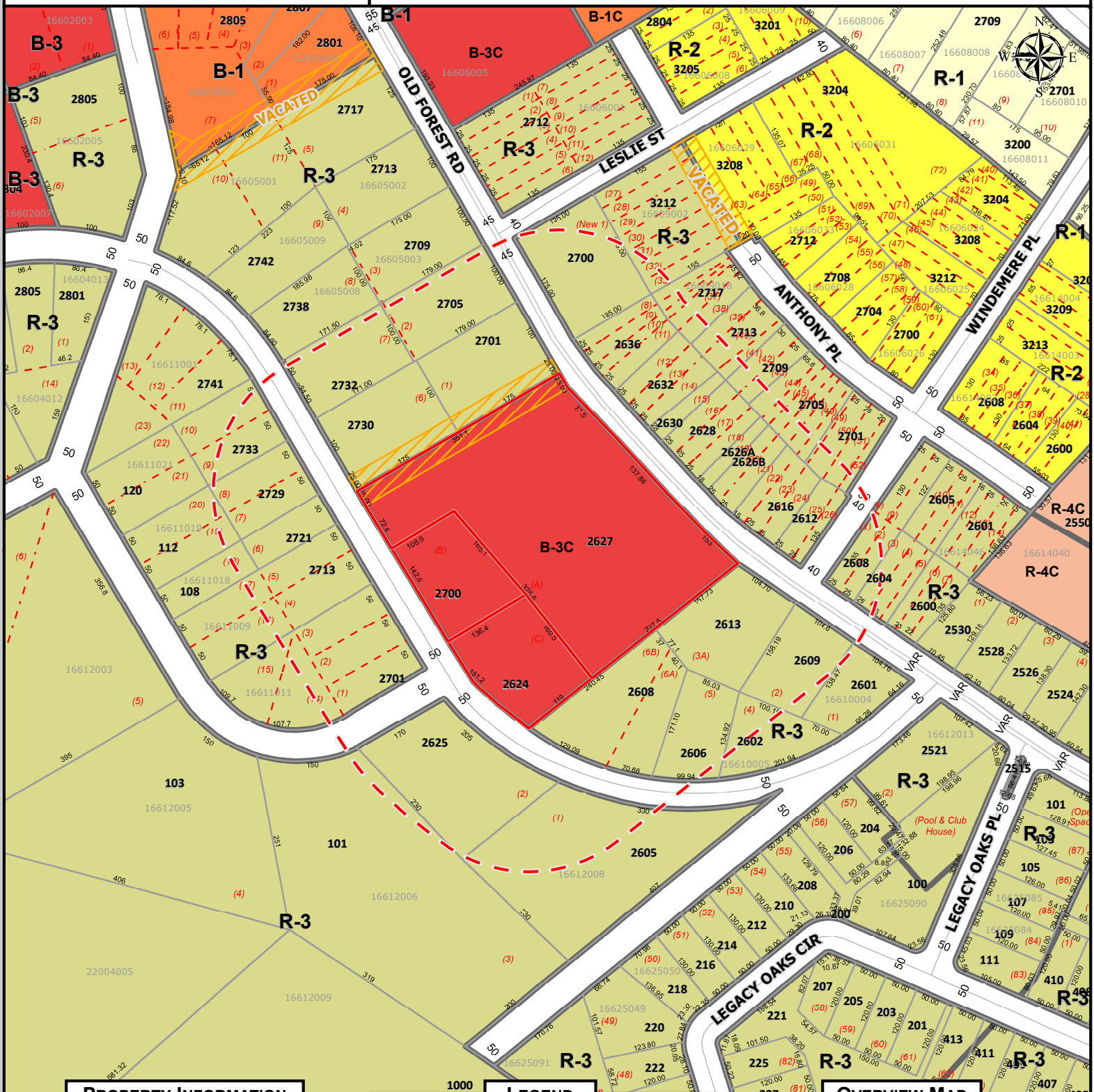
1. Zoning Map with Adjoining Property Owners
2. Future Land Use Map
3. Watershed Map
4. Planimetric and Topographic Map
5. Concept Plan
6. Narrative
7. Property Photograph

Zoning-TRC Map

2627 OLD FOREST RD AND 2624 & 2700 CONFEDERATE AVE

TRC

Meanwhile Back on the Farm



PROPERTY INFORMATION

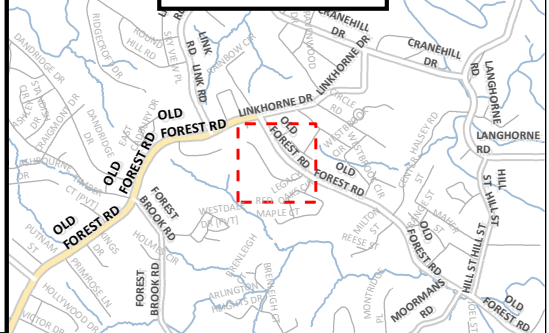
PARCEL ID	ADDRESS
16610001	2627 OLD FOREST RD
16610010	2624 CONFEDERATE AVE
16610009	2700 CONFEDERATE AVE

LEGEND

 	Subject Property
 	215' Buffer
	B-1
	B-3
	B-4
	B-5
	R-C
	I-1
	I-2
	I-3
	IN-1
	IN-2
	R-1
	R-2
	R-3
	R-4

MAP SCALE: 1" = 200' DATE PRINTED: 10/27/2020

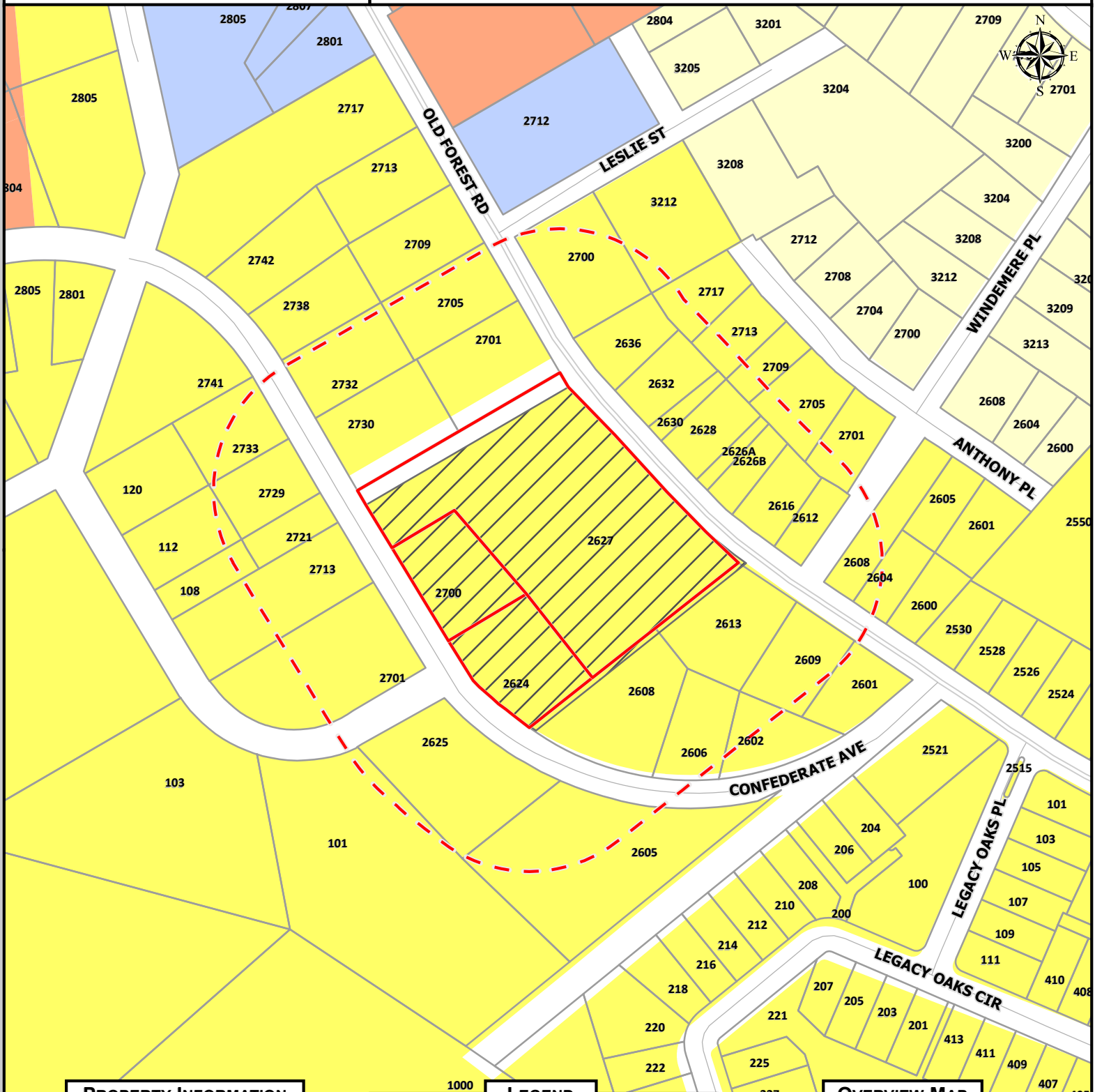
OVERVIEW MAP



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2627 Old Forest Road, 2624 & 2700 Confederate Avenue

Parcel ID	Address	Owner
16605004	2705 OLD FOREST RD	GARNER, JACK S & GARNER, ROBERT S
16605005	2701 OLD FOREST RD	CLAGAR PARTNERS
16605006	2730 CONFEDERATE AVE	CLAGAR PARTNERS
16605007	2732 CONFEDERATE AVE	CLAGAR PARTNERS
16609001	2700 OLD FOREST RD	ARTHUR, ALEXANDRA LEE
16609002	3212 LESLIE ST KINGDOM	REAL ESTATE LLC
16609004	2713 ANTHONY PL	FERGUSON, DANNY E & JACQUELINE M
16609005	2709 ANTHONY PL	PAIGE, MARY R
16609006	2705 ANTHONY PL	TISDALE, ANTHONY L
16609008	2701 ANTHONY PL	ROLLO, JOSEPH M III
16609009	2612 OLD FOREST RD	CLARK, ERNESTINE
16609010	2616 OLD FOREST RD	SHOPSHIRE, JAMES M SR &
16609011	2626 B OLD FOREST RD	LYNCHBURG RENTING LLC
16609012	2626 A OLD FOREST RD	LYNCHBURG RENTING LLC
16609013	2628 OLD FOREST RD	WEAVER SQUARED PROPERTIES LLC
16609014	2630 OLD FOREST RD	GIBSON, JERRY
16609015	2632 OLD FOREST RD	GIBSON, JERRY
16609016	2636 OLD FOREST RD	GARLAND, HERMAN T
16609018	2717 ANTHONY PL	WIMBUSH, ANTHONY & WANDA D
16610001	2627 OLD FOREST RD	CDDI DEVELOPMENT GROUP LLC
16610002	2613 OLD FOREST RD	DRISKILL, D VANCE & WINIFRED T &
16610003	2609 OLD FOREST RD	DRISKILL, D VANCE & WINIFRED T
16610004	2601 OLD FOREST RD	SSW HOLDINGS LLC
16610005	2602 CONFEDERATE AVE	NEW DAY INVESTMENTS INC
16610006	2606 CONFEDERATE AVE	KREUGER, CHRISTOPHER P
16610008	2608 CONFEDERATE AVE	DRISKILL, D VANCE & WINIFRED T &
16610009	2700 CONFEDERATE AVE	CDDI DEVELOPMENT GROUP LLC
16610010	2624 CONFEDERATE AVE	CDDI DEVELOPMENT GROUP LLC
16611004	2733 CONFEDERATE AVE	QUAINTANCE REALESTATE HOLDINGS LLC
16611006	2729 CONFEDERATE AVE	SAX, GEORGE P & CRYSTAL W
16611008	2721 CONFEDERATE AVE	STEIN, KIM O
16611009	2713 CONFEDERATE AVE	DBI CAPITAL GROUP LLC
16611011	2701 CONFEDERATE AVE	DBI CAPITAL GROUP LLC
16611018	108 MANASSAS ST	DBI CAPITAL GROUP LLC
16611019	112 MANASSAS ST	DBI CAPITAL GROUP LLC
16612006	101 MANASSAS ST	DBI CAPITAL GROUP LLC
16612007	2625 CONFEDERATE AVE	DBI CAPITAL GROUP LLC
16612008	2605 CONFEDERATE AVE	DBI CAPITAL GROUP LLC
16614042	2604 OLD FOREST RD	FRANKLIN, RICK A
16614043	2608 OLD FOREST RD	WITT, LEWIS S JR



PROPERTY INFORMATION

PARCEL ID

ADDRESS

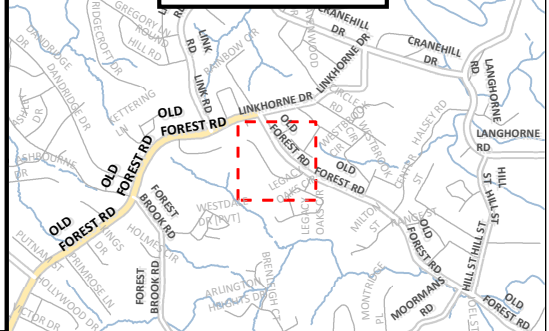
16610001	2627 OLD FOREST RD
16610010	2624 CONFEDERATE AVE
16610009	2700 CONFEDERATE AVE

LEGEND

- | | |
|----------------------------|-----------------------|
| Local Historic District | Employment 1 |
| Traditional Residential | Employment 2 |
| Low Density Residential | Downtown |
| Medium Density Residential | Institution |
| High Density Residential | Public Use |
| Neighborhood Commercial | Public Parks |
| Community Commercial | Resource Conservation |
| | Mixed Use |

MAP SCALE: 1" to 200' DATE PRINTED: 10/27/2020

OVERVIEW MAP



Watershed Map

TRC

2627 OLD FOREST RD AND 2624 & 2700 CONFEDERATE AVE

Meanwhile Back on the Farm



PROPERTY INFORMATION

PARCEL ID	ADDRESS
16610001	2627 OLD FOREST RD
16610010	2624 CONFEDERATE AVE
16610009	2700 CONFEDERATE AVE

LEGEND

- Subject Property**
- Base Flood Elevation**
- Floodway**
- Floodzone**
- River / Lake / Stream**

OVERVIEW MAP

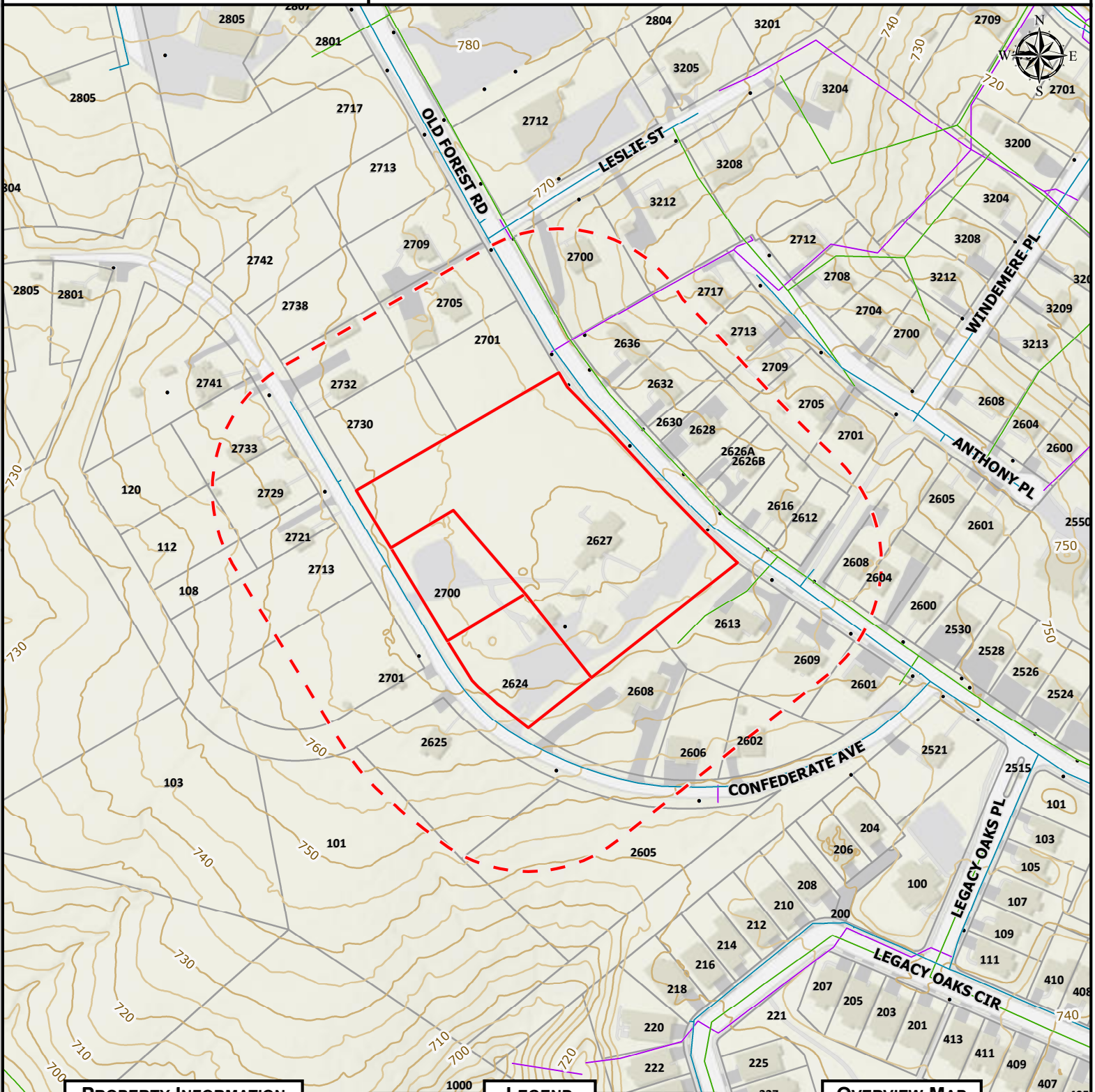


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TRC

Meanwhile Back on the Farm



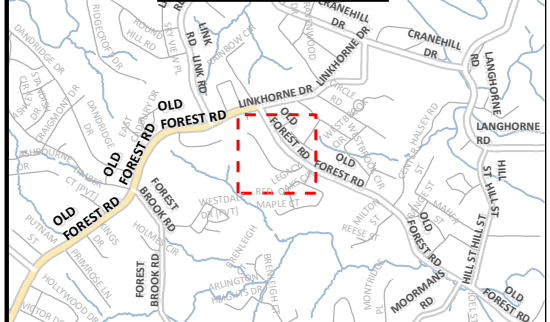
PROPERTY INFORMATION

PARCEL ID	ADDRESS
16610001	2627 OLD FOREST RD
16610010	2624 CONFEDERATE AVE
16610009	2700 CONFEDERATE AVE

LEGEND

	Active	Proposed	Abandoned
Utilities	Water (Blue solid line)	Sanitary (Green dashed line)	Storm (Purple dashed line)
Structure	Structure (Brown solid line)		
Roadway	Roadway (Grey solid line)		
Parking	Parking (Dark Grey solid line)		
Sidewalk	Sidewalk (Light Grey solid line)		
Driveway	Driveway (Dark Grey solid line)		
Towers & Trans. Lines	Elec. Trans. (Yellow solid line)	Trans. Tower (Blue square)	Comm. Tower (Red circle)
		Other (Blue square)	Pole Cemetery (Black dot)
			Contours (Brown lines)
			100' (Thick brown line)
			50' (Medium brown line)
			20' (Thin brown line)
			10' (Thin brown line)
			5' (Thin brown line)
			1' (Thin brown line)

OVERVIEW MAP



MAP SCALE: 1" to 200' DATE PRINTED: 10/27/2020

CONTACT INFORMATION

OWNER/APPLICANT: MEANWHILE BACK ON THE FARM LLC ENGINEER: DRAPER ADEN ASSOCIATES, INC.
3813 OLD FOREST ROAD 2206 SOUTH MAIN STREET
LYNCHBURG, VIRGINIA 24501 BLACKSBURG, VA 24060

CONTACT: BOBBY HARRIS CONTACT: CAROLYN HOWARD
540-942-3118 540-552-0444

PROJECT NARRATIVE

THE PROJECT IS TO UTILIZE THE EXISTING MANOR HOUSE AS A RETAIL VARIETY STORE. IN THE FUTURE, THE EXISTING CABIN WILL BE RENOVATED, AND AN ADDITIONAL 4,000 SF BUILDING WILL BE BUILT WITH EXPANDED PARKING FOR ADDITIONAL RETAIL AND SPECIAL EVENTS, INCLUDING FOOD TRUCKS. THE EXISTING MANOR HOUSE WAS PREVIOUSLY A RESTAURANT. THE ADJOINING PARCELS TMP 16610009 AND TMP 166100010 ARE TO BE INCORPORATED INTO TMP 166100001.

NEW FENCING AND OTHER EXTERNAL FEATURES ARE TO BE APPROVED BY THE HISTORIC PRESERVATION COMMISSION.

THE PROPERTIES ARE CURRENTLY ZONED B-3C.

THE SITE WILL BE SERVED BY PUBLIC WATER AND SEWER. BACKFLOW DEVICES SHALL BE PER CITY OF LYNCHBURG WATER RESOURCES STANDARDS.

BASED ON A GRAPHIC DETERMINATION, THIS PROPERTY LIES ON FEMA INSURANCE RATE MAP PANEL NUMBER 5100930037D, DATED JUNE 03, 2008. PER THE FEMA MAP THIS SITE LIES WITHIN OTHER AREAS, UNSHADED ZONE X - AREAS DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE FLOODPLAIN.

SEPARATE PLANS WILL BE SUBMITTED TO THE CITY FOR CONSTRUCTION DETAILS TO INCLUDE: GRADING, STORMWATER MANAGEMENT, PAVEMENT TYPE, EROSION AND SEDIMENT CONTROL, UTILITIES, LANDSCAPING, ETC.

STORMWATER MANAGEMENT

STORMWATER WILL BE ADDRESSED THROUGH A LOW-IMPACT DESIGN STRATEGY TO ADDRESS CHANNEL PROTECTION, FLOOD PROTECTION AND STORMWATER QUALITY IN ACCORDANCE WITH VIRGINIA DEPARTMENT OF ENVIRONMENTAL QUALITY STANDARDS. THE DESIGN WILL BE COORDINATED WITH THE CITY OF LYNCHBURG'S ENVIRONMENTAL PLANNER AND FINAL PLANS WILL BE SUBMITTED FOR REVIEW AND APPROVAL.

PARKING SCHEDULE - INITIAL PHASE

Proposed use classified as "Retail sales and services (2100)" per section 35.2-62.4 of the Lynchburg Zoning Ordinance.

Existing house: 4,052 SF 10 spaces required (2 per 1000 SF)
Employees: 6 (current) 2 spaces required (1 per 3 employees)
TOTAL: 12 spaces

PARKING SCHEDULE - FUTURE BUILD-OUT

Events Center: 4,000 SF 8 spaces required (2 per 1000 SF)
(1.5 story building with potential basement for storage)

Total SF: 8,052 SF 18 spaces required (2 per 1000 SF)
Employees: 15 (projected) 5 spaces required (1 per 3 employees)
TOTAL: 23 spaces

	Required Parking	Maximum Potential Parking
Existing	12 Spaces	~20 Spaces
Initial Phase	12 Spaces	34 Spaces
Future Build-out	23 Spaces	63 Spaces

TRIP GENERATION DATA

	BUILDING AREA	VEHICLES / DAY	PEAK HOUR
MANOR HOUSE	4,052 SF	257 (63.47 TRIPS/KSF)	30 (7.42 TRIPS/KSF)
NEW BUILDING	4,350 SF	186 (63.47 TRIPS/KSF)	19 (7.42 TRIPS/KSF)
TOTAL		443	49

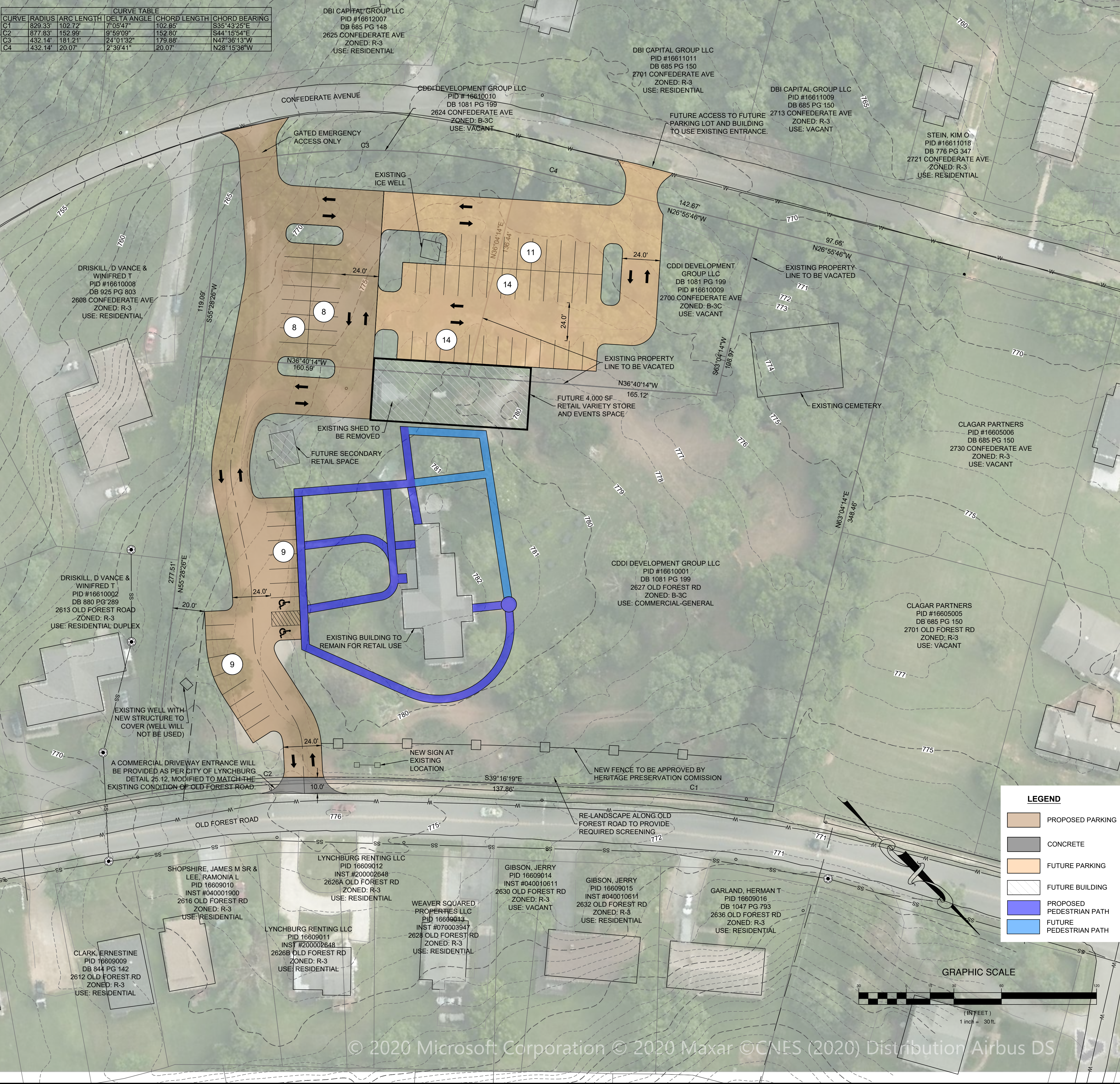
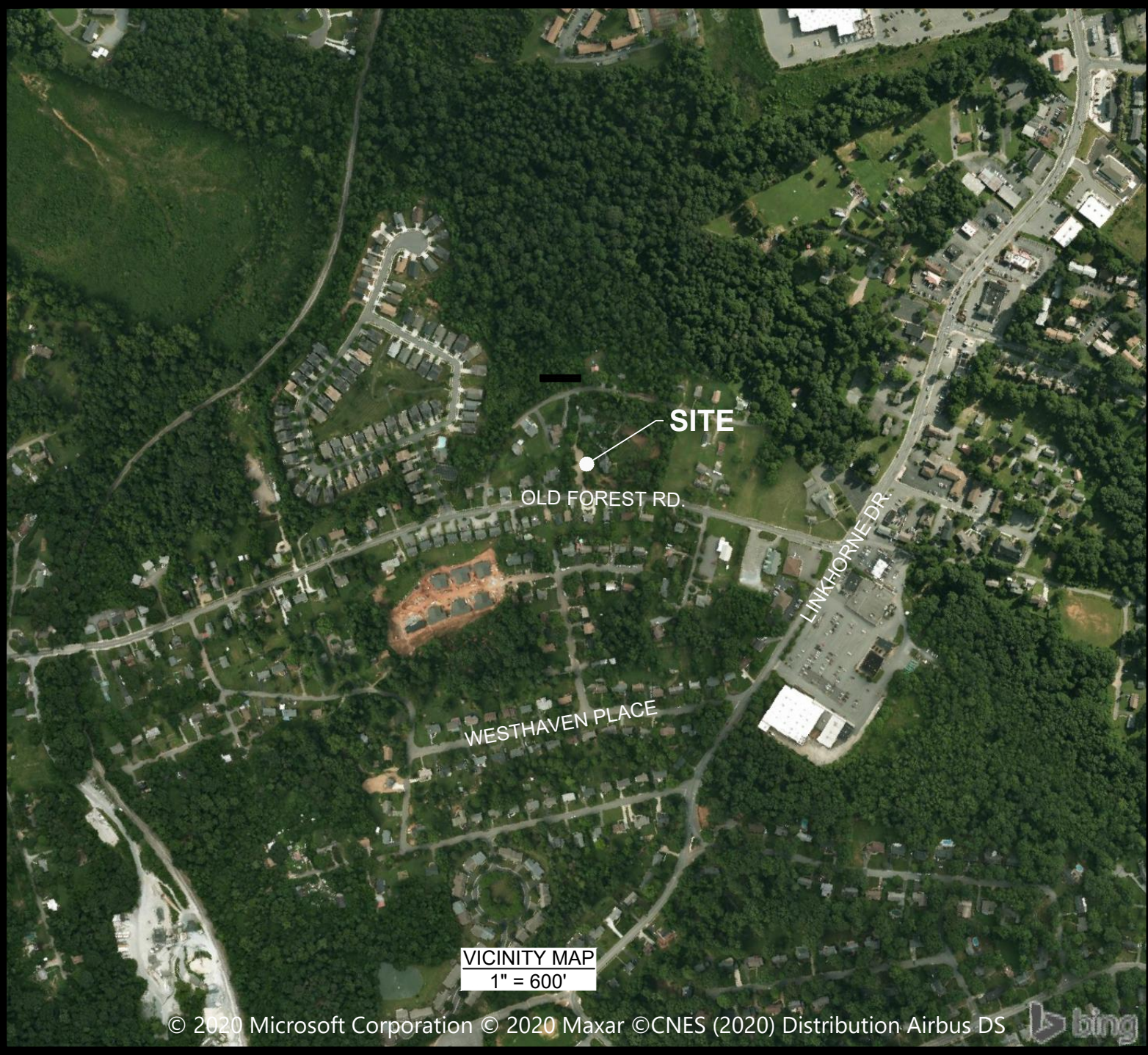
LANDSCAPE BUFFER NOTE

EXISTING TREES ARE TO REMAIN EXCEPT FOR WHAT NEEDS TO BE REMOVED FOR CONSTRUCTION AND IMPROVING VISIBILITY FROM AND LANDSCAPING ALONG OLD FOREST ROAD. A 20' STAGGERED ROW BUFFER SHALL BE REINFORCED AROUND THE PERIMETER ADJOINING RESIDENTIAL PROPERTY IN LOCATIONS WHERE THE EXISTING NATURAL BUFFER IS DEEMED INSUFFICIENT BY THE PLANNING DEPARTMENT. EXISTING LANDSCAPING TO BE PRESERVED AS MUCH AS POSSIBLE DURING CONSTRUCTION OF ADDITIONAL PARKING.

DEVELOPMENT PHASING PLAN

1. OPERATE THE EXISTING MANOR HOUSE AS A RETAIL VARIETY STORE.
2. RECONSTRUCT THE EXISTING ENTRANCE FROM OLD FOREST ROAD FOR TWO-WAY TRAFFIC AND MODIFY PARKING CONFIGURATION WITHIN THE PROPOSED PARKING AREA IN SUBSTANTIAL CONFORMANCE TO THE CONCEPT PLAN. SITE FEATURES SHALL COMPLY WITH THE CITY OF LYNCHBURG STANDARDS AND SPECIFICATIONS.
3. REMODEL EXISTING CABIN FOR SECONDARY RETAIL SPACE.
4. CONSTRUCT FUTURE PARKING AREA AND NEW EVENTS CENTER BUILDING.

SEQUENCING AND TIMING ARE SUBJECT TO CHANGE DEPENDING ON MARKET FACTORS.



Draper Aden Associates
Engineering • Surveying • Environmental Services

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Blacksburg, VA 24060
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www.daa.com

• Raleigh, NC
• Fayetteville, NC
• Charlottesville, VA
• Northern Virginia
• Hampton Roads, VA
• Virginia Beach, VA

CONCEPT PLAN
MEANWHILE BACK ON THE FARM SITE
LYNCHBURG, VIRGINIA

DESIGNED BY:	TES
DRAWN BY:	KMB
CHECKED BY:	CAH
SCALE:	1" = 30'
DATE:	10/30/2020
PROJECT NUMBER:	20010259-010301
FIG 1	

Detailed Description of the Request

The subject property is requested to change from B-3C, Community Business District (Conditional), subject to the conditions and proffers in the previously approved Ordinance 14-086 to B-3C, Community Business District (Conditional), subject to the conditions and proffers outlined herein. The subject property is defined as PID 16610010, 16610009, and 16610001 totaling 3.61 acres.

Purpose of Proposed Change / Intended Use

Meanwhile Back on the Farm is an existing business in Lynchburg and is looking to expand into a larger space-the manor house property, which reflects the business' historic, vintage character.

Meanwhile Back on the Farm intends to use the existing manor house property as a retail store and for space to sew and assemble accessories for women and men. Accessories include wax canvas and leather hand bags, wallets, belts, and customized dog collars. The retail area will include Meanwhile Back on the Farm accessories, potted plants, jams, antiques and clothing. Meanwhile Back on the Farm may also host special events in the manor house and on the property; special events may include food trucks.

The existing cabin will be renovated in the future to be used as a gift shop. A future 4,000 square foot building is proposed to be used for assembly of Meanwhile Back on the Farm accessories, as well as for retail sales and special events.

The existing cemetery will remain onsite and maintained by Meanwhile Back on the Farm.

Alignment with Comprehensive Plan

The Future Land Use Map (*FLUM*) of the *Comprehensive Plan 2013-2030* recommends a Medium Density Residential use for the area. Medium Density Residential areas "are characterized by small-lot, single family detached housing, duplexes and townhouses at densities up to 12 units per acre. Where neighborhoods already exist, infill development should be at a compatible density and housing type. In addition to residential uses, they may include public and institutional uses compatible in scale with single-family residential homes. Private recreation uses, including country clubs, swim and racquet clubs, and private open space are also appropriate."

Use of the property for a retail variety store and special events space in the existing manor house, and the future retail / special events center is compatible with other alternate uses included in the Medium Density Residential Areas, including art galleries. Also, adjacent lands are designated for Medium Density Residential by the *FLUM*.



November 11, 2020

[illegible]

AN ORDINANCE CHANGING A CERTAIN AREA LOCATED AT 2627 OLD FOREST ROAD, 2624 AND 2700 CONFEDERATE AVENUE FROM B-3C, COMMUNITY BUSINESS DISTRICT (CONDITIONAL) TO B-3C, COMMUNITY BUSINESS DISTRICT (CONDITIONAL).

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG that in order to promote the public necessity, convenience, welfare and good zoning practice that Chapter 35.2 of the Code of the City of Lynchburg, 1981, as amended, be and the same is hereby further amended by adding thereto Section 35.2-54. which shall read as follows:

Section 35.2-54. Change of a certain area located at 2627 Old Forest Road, 2624 and 2700 Confederate Avenue from B-3C, Community Business District (Conditional) to B-3C, Community Business District (Conditional).

The area embraced within the following boundaries:

PID 16610001

BEGINNING at a point in the center line of Boxwood Place (a vacated 50' right of way), said center line point also lying on the western right of way line of Old Forest Road (a variable width public right of way), THENCE leaving said center line of said Boxwood Place (vacated) with three (3) lines of said western right of way line of Old Forest Road, along a curve to the left (said curve having a Delta = $7^{\circ}05'47''$, Radius = 829.33, Chord = 102.65, and Chord Bearing = $S35^{\circ}43'25''E$), 102.72 feet to a point; THENCE $S39^{\circ}16'19''E$, 137.86 feet to a point; THENCE along a curve to the left (said curve having a Delta = $9^{\circ}59'09''$, Radius = 877.83, Chord = 152.80, Chord Bearing = $S44^{\circ}15'54''E$), 152.99 feet to a point, a common corner to Driskill; THENCE with said Driskill $S55^{\circ}28'26''W$, 277.51 feet to point in the line of said Driskill; THENCE leaving said Driskill with Parcels "C" and "B" respectively, $N36^{\circ}40'14''W$, 325.70 feet to a point, a common corner with said Lot "B"; THENCE with said Lot "B" $S63^{\circ}04'14''W$, 108.97 feet to a point on the eastern right of way line of Confederate Avenue (a 50' public right of way), THENCE leaving said Lot "B" with said eastern right of way line of Confederate Avenue $N26^{\circ}55'46''W$, 97.66 feet to a point in the said center line of Boxwood Place (vacated); THENCE leaving said eastern right of way line of Confederate Avenue, with the said center line of Boxwood Place (vacated) $N63^{\circ}04'14''E$, 348.46 feet to the BEGINNING.

Containing 2.633 acres and being Lot "A" as shown on a plat entitled "Barksdale Place" dated February 7, 2014 and also as shown on a plat of "Barksdale Place" dated October 24, 2001 recorded in Plat Cabinet 6, Slide 386 and the southern 25' portion of said Boxwood Place (vacated).

PID 16610009

Beginning at a point in common with the right-of-way at Confederate Avenue at the northern end of the property moving in an easterly direction towards Old Forest Road at $N63^{\circ}04'14''E$ for 108.97' to an iron rebar corner; thence $S36^{\circ}40'14''E$ for 165.12' to an iron rebar corner; thence $N63^{\circ}04'14''E$ for 136.44' to an iron rebar corner common with the right-of-way with Confederate Avenue; thence along a curve to the right (said curve having a Delta = $2^{\circ}39'41''$, Radius = 432.14 feet, Chord = 20.07 feet, Chord Bearing = $N28^{\circ}15'36''W$), 20.07 feet to an iron rebar along Confederate Avenue in a northerly direction $N26^{\circ}55'46''W$ at 142.67' to the point of beginning.

The property described contains 0.459 Acres. The description of the property has been taken from a plat entitled Barksdale Place, Dated February 7, 2014 by Acres of Virginia.

PID 16610010

Beginning at a point in common with the right-of-way at Confederate Avenue at the northern end of the property moving in an easterly direction towards Old Forest Road at $N63^{\circ}04'14''E$ at 136.44' to an iron

rebar corner; thence S36°40'14"E for 160.59' to an iron rebar corner; thence S55°28'26"W for 119.09' to an iron rebar corner in common with the right-of-way at Confederate Avenue; thence moving in a northerly direction along the right-of-way with Confederate Avenue along a curve to the right (said curve having a Delta = 24°01'32", Radius = 432.14 feet, Chord = 179.88 feet, Chord Bearing = N41°36'13"W), 181.21 feet to the point of Beginning.

The property described contains 0.518 Acres. The description of the property has been taken from a plat entitled Barksdale Place, Dated February 7, 2014 by Acres of Virginia.

...is hereby changed from B-3C, Community Business District (Conditional) to B-3C, Community Business District (Conditional) subject to the conditions herein below which were voluntarily proffered in writing by the petitioner, Meanwhile Back on the Farm, to wit:

1. Ensuing site plans will be developed in substantial conformance with the concept plan to be approved by Lynchburg City Council.
2. We confirm that all external alterations as required will be developed in accordance with approvals by the Historic Preservation Commission. This matter is respectfully offered for your consideration.

And the City Planner shall forthwith cause the "Official Zoning Map of the City of Lynchburg, Virginia" referred to in Section 35.2-32 of this chapter to be amended in accordance therewith.

Adopted: December 8, 2020

Certified:


Interim Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 8, 2020**

AGENDA ITEM #: **9**

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION:
ACTION: INFORMATION: (Confidential)

ITEM TITLE: Historic Preservation Commission (HPC) – Appeal of decision to deny Certificate of Appropriateness (COA) at 2144 Rivermont Avenue

KEY ELEMENTS:

☐ Economic Development ☐ Excellent Government ☒ Natural and Built Environment ☐ Safe Community ☐ Vibrant Community

RECOMMENDATION: Uphold decision of Historic Preservation Commission (HPC) to deny a Certificate of Appropriateness (COA) at 2144 Rivermont Avenue.

SUMMARY: Martin Donovan is appealing the decision of the HPC that denied his COA request to erect a black aluminum fence at 2144 Rivermont Avenue.

The HPC reviewed the petition on September 21, 2020 and found that there was insufficient information to make a determination. The Commission postponed the item and requested that the petitioner “provide the Commission a visual of what the 6’ fence looks like, show where the fence is located in relation to the house, property lines, and street.

The petitioner did not provide the materials by the October 19th, 2020 meeting. The Commission was unable to make a determination based upon what was originally provided and denied the petition due to lack of information.

The City’s *Zoning Ordinance*, Section 35.2-13.11, Appeals to City Council, states: “On any such appeal, the final decision of the HPC ... shall be stayed pending the outcome of the appeal to City Council, except that the filing of such appeal shall not stay the decision of the HPC if such decision denies the right to raze or demolish a historic landmark, building or structure. The City Council shall conduct a full and impartial public hearing on the matter and apply the same criteria as the HPC before rendering any decision. The City Council may affirm, reverse or modify the decision of the HPC, in whole or in part. The decision of City Council, subject to the provisions of Section 35.2-13.12, shall be final. If approved, a certificate of appropriateness, signed by the Clerk of the City Council, shall be issued to the applicant.”

PRIOR ACTION(S):

September 21, 2020: The HPC tabled the COA request to erect a black aluminum fence around the property due to insufficient information.

October 19, 2020: The HPC denied the COA request to erect a black aluminum fence around the property since the requested information was not provided.

October 21, 2020: Martin Donovan appealed the decision of HPC to City Council.

FISCAL IMPACT: N/A

CONTACT(S): Chris McSwain, Chair, Historic Preservation Commission – (434) 944-5520
Richard Morris, Vice Chair, Historic Preservation Commissioner – (434) 209-0618
Victoria Glasgow, Planner I – (434) 455-3900
Tom Martin, City Planner – (434) 455-3900

ATTACHMENT(S):

- Resolution “A” – Uphold HPC Decision
- Resolution “B” – Reverse HPC Decision
- HPC Minutes – September 21, 2020
- HPC Minutes – October 19, 2020
- HPC Packet – October 19, 2020
 - 2144 Rivermont Avenue Staff Finding and Writeup
 - Fence plan submitted September 2nd and re-submitted October 6th
 - Parcelviewer map of property submitted October 6th
 - Pictures of fence submitted September 2nd and re-submitted October 6th
 - Emails regarding HPC request for materials
 - Lynchburg Historic Districts Residential Design Review Guidelines, Section IX. (1) Fences.
 - COA Application – 2144 Rivermont Avenue
- Fence Appeal Timeline 2144 Rivermont

REVIEWED BY: klw

153A

RESOLUTION "A":

A RESOLUTION UPHOLDING THE DECISION OF THE HISTORIC PRESERVATION COMMISSION TO DENY A CERTIFICATE OF APPROPRIATENESS AT 2144 RIVERMONT AVENUE TO ERECT A BLACK ALUMINUM FENCE AROUND THE PROPERTY DUE TO LACK OF PROVIDING REQUESTED MATERIALS.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG that request of Martin Donovan for a Certificate of Appropriateness to erect a black aluminum fence around the property at 2144 Rivermont Avenue is not in keeping with the Lynchburg Historic Districts Residential Design Review Guidelines, Section IX. (1) Fences.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG that the petition of Martin Donovan for a Certificate of Appropriateness to erect a black aluminum fence around the property at 2144 Rivermont Avenue is hereby denied.

Adopted:

Certified:

Interim Clerk of Council

RESOLUTION "B":

A RESOLUTION REVERSING THE DECISION OF THE HISTORIC PRESERVATION COMMISSION TO DENY A CERTIFICATE OF APPROPRIATENESS AT 2144 RIVERMONT AVENUE TO ERECT A BLACK ALUMINUM FENCE AROUND THE PROPERTY DUE TO LACK OF PROVIDING MATERIALS.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG that request of Martin Donovan for a Certificate of Appropriateness to erect a black aluminum fence around the property at 2144 Rivermont Avenue is in keeping with the Lynchburg Historic Districts Residential Design Review Guidelines, Section IX. (1) Fences.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG that the petition of Martin Donovan for a Certificate of Appropriateness to erect a black aluminum fence around the property at 2144 Rivermont Avenue is hereby reversed.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG that in reversing the decision of the Historic Preservation Commission the Council of the City of Lynchburg hereby directs the Clerk of Council to issue a Certificate of Appropriateness to Martin Donovan allowing the erection of a black aluminum fence around the property at 2144 Rivermont Avenue.

Adopted:

Certified:

Interim Clerk of Council

September 21, 2020 HPC Minutes

Commissioner Spencer-Hester **rescinded** her original motion.

Commissioner Spencer-Hester made a motion to **postpone** the application as submitted for more information. The motion was seconded by Commissioner Lifsey and **passed** by the following vote:

AYES: Erquiaga, Horner, Lifsey, McSwain, Morris, and Spencer-Hester	6
NOES:	0
ABSTENTIONS:	0
ABSENT:	0

I) ACTION (Advocate-Commissioner Morris): Request of Marty Donovan to add an aluminum fence around the property at 2144 Rivermont. (HPC2008-0015)

Mr. Marty Donovan was not present to represent the application.

Commissioner Horner asked what the fence will look like.

Commissioner Lifsey asked for clarification that the fence will be six (6) foot tall along the back of the property next to the park and then forty (40) inches tall on the side.

Commissioner Erquiaga responded that it looks to be four (4) feet tall on the side.

Commissioner Lifsey noted that there is a pool in the backyard.

Commissioner Morris stated that he did not have an issue with the proposed fence pictures.

Chair McSwain asked for clarification that this fence is just a perimeter for the property and that the pool is already fenced in per code.

Commissioner Erquiaga responded that was correct.

Commissioner Morris asked for clarification that this fence is going along the front and the side of the property.

Commissioner Lifsey responded that this fence is going along the side and the back of the property.

Commissioner Erquiaga responded that it is also going along the front of the property.

Chair McSwain responded that this fence is going all the way around the property.

Commissioner Morris stated that the back fencing will be six (6) feet tall.

Chair McSwain added that the six (6) foot tall fence will run along the edge of the park.

Commissioner Lifsey asked for clarification that the fence will come all the way to the front corner of Rivermont Avenue and where it terminates at the front.

Commissioner Erquiaga responded that the fence is going to the edge of the driveway.

Commissioner Morris asked where it is in relation to the sidewalk; is it set back from the sidewalk or right on the sidewalk.

Chair McSwain responded that cannot be deciphered from the drawing. He would assume that it will be in his property at the line.

Commissioner Erquiaga responded that it may be set on the bank.

Ms. Victoria Glasgow stated that the Commission may grant conditional approvals stipulating specific requirements.

Commissioner Lifsey stated that he would like to see the proposed fencing delineated on a plat of the property to acquire a better understanding of where it is in relation to the sidewalk and the slope. There is a hill so the fence could be sitting at the top or at the foot of the slope. He would also like to know where the gate will be and where certain sections of the fence terminate.

Commissioner Morris agreed and stated that the drawing does not provide enough detail in reference to the overall property.

Commissioner Morris made a motion to **postpone** the application for more information regarding what the fence looks like and where the fence will be in reference to the home, property lines, and adjacent streets. The motion was seconded by Commissioner Horner and **passed** by the following vote:

AYES: Erquiaga, Horner, Lifsey, McSwain, Morris, and Spencer-Hester	6
NOES:	0
ABSTENTIONS:	0
ABSENT:	0

3. OLD BUSINESS:

a) ACTION (Advocate-Commissioner Morris): Request of Marty Donovan to remove after-the-fact pavement at 2144 Rivermont. (HPC2009-0011)

Mr. Marty Donovan was not present to represent the application.

Chair McSwain stated that he and Commissioner Erquiaga met with Mr. Donovan on site and discussed ideas for the space.

Commissioner Morris stated that the approved COA for a turnaround at 3206 Rivermont Avenue could serve as a great example for this project.

Chair McSwain agreed and stated that was discussed in the site visit.

Commissioner Lifsey stated he would like to see a better description and drawing of what the application is for.

Commissioner Morris agreed that the submitted description is not enough. He asked if Mr. Donovan had been informed of what was approved at 3206 Rivermont Avenue since it is a similar situation.

Chair McSwain responded that the application and what had been approved for 3206 Rivermont Avenue was referenced during the site visit. Mr. Donovan seemed amenable to that idea but an email is not enough explanation and does not necessarily show that.

Commissioner Morris removing asked how much of the pavement will be removed.

October 19, 2020 HPC Minutes

Chair McSwain responded that they are sized appropriately for the area that they are in.

Ms. Baxter shared agreement.

The motion passed by the following vote:

AYES: Erquiaga, Horner, Lifsey, McSwain, Morris, and Spencer-Hester	6
NOES:	0
ABSTENTIONS:	0
ABSENT:	0

b) ACTION (Advocate-Commissioner Morris): Request of Marty Donovan to add an aluminum fence around the property at 2144 Rivermont. (HPC2008-0015)

Mr. Marty Donovan was not present to represent the application.

Ms. Victoria Glasgow stated that the materials requested at the last meeting were not submitted by the petitioner though the request was shared with the petitioner twice.

Commissioner Lifsey noted that he is unsure how to proceed since the requested materials were not provided.

Chair McSwain asked for clarification that some new materials were provided by the petitioner.

Ms. Glasgow responded that some written descriptions were provided. If the Commission does not feel that there is enough information because the requested materials were not provided, then the Commission may deny the application.

Commissioner Morris asked for clarification that the Commission requested some sort of plan showing where the fence will be installed in relation to the house and property lines. He then noted that no new materials were submitted in regard to that request.

Commissioner Erquiaga added that it was unclear where the fence would be in relation to the sidewalk and the berm.

Commissioner Morris stated that he does not feel that the Commission can act on this given the lack of materials and information.

Commissioner Horner made a motion to **deny** the application as submitted. The motion was seconded by Commissioner Lifsey.

Commissioner Erquiaga stated that when the petitioner is sent the denial it needs to be explained why it was denied.

The commission shared agreement. The petition was denied because the petitioner did not provide the requested materials, did not answer the Commission's questions, and did not attend the meeting to answer the questions.

Ms. Glasgow responded that it will be explained to the petitioner.

The **motion to deny passed** by the following vote:

AYES: Erquiaga, Horner, Lifsey, McSwain, Morris, and Spencer-Hester	6
NOES:	0
ABSTENTIONS:	0
ABSENT:	0

c) ACTION (Advocate-Commissioner Morris): Request of Marty Donovan to remove after-the-fact pavement at 2144 Rivermont. (HPC2009-0011)

Mr. Marty Donovan was not present to represent the application.

Chair McSwain stated that the application is to remove the pavement that was done after-the-fact from the front yard. Other than that, there was no follow up provided by the petitioner.

Commissioner Horner asked Chair McSwain if he was under the impression that the petitioner knew he was supposed to submit a plan. The petitioner made it sound like Chair McSwain and Commissioner Erquiaga had approved what he was doing when they visited the site.

Chair McSwain responded that at the site visit he and Commissioner Erquiaga made some recommendations on what would be feasible for the Commission to review and on what other properties had done that had been approved. The petitioner made it seem like he could work with that but unfortunately did not submit any new information.

Commissioner Erquiaga added that he and Chair McSwain made it clear that what was discussed at the site visit was not representative of the entire Commission. It is still unknown how much of the turnaround the petitioner plans to remove. It is a very wide driveway at the back and there is also a lane of asphalt that goes behind the house. Because of that, the turnaround spot up front does not need to be large.

Commissioner Horner made a motion to deny the application as submitted.

Commissioner Lifsey stated that the application is to remove the asphalt that is there in order to comply with the court order. If the petition is denied the petitioner will get additional time to submit a new application and will continue to utilize it as a parking lot. He then asked Commissioner Horner to withdraw the motion.

Ms. Victoria Glasgow stated that would not be the case for this and the City has procedures in place to deal with this legally.

Commissioner Horner stated that if the application is approved the petitioner plans to install a fountain and bushes.

Commissioner Morris stated that the motion just needs to be worded differently.

Commissioner Lifsey added that this petition only concerns the pavement and not a fountain.

Commissioner Horner withdrew the motion.

Commissioner Lifsey made a motion to **approve** removing in entirety the parking area in front and leaving only fifteen (15) feet of pavement from the edge of the existing driveway for a turnaround; all other elements are to be removed. The motion was seconded by Commissioner Morris.

Commissioner Erquiaga stated that seems reasonable.

Chair McSwain shared agreement.



Memorandum

Planning Division • Community Development

900 Church Street
Lynchburg, Virginia 24504
P 434-455-3900

To: Historic Preservation Commission (HPC)

From: Victoria Glasgow, AICP Candidate
Neighborhood Planning Coordinator

Date: October 9, 2020

Subject: 2144 Rivermont Avenue Staff Finding

Fences: The Residential Design Review Guidelines state that fences were used in Lynchburg to separate lots and to outline front yards. Fences were typically constructed of wood, cast iron, brick, stone, or woven wire. Lynchburg is notable for the amount and quality of its historic cast iron fences. Historic (pre-1955) fences should be preserved and maintained. The construction of new fences based upon historic designs and materials is also appropriate.

The guidelines are not clear on the use of aluminum fencing.

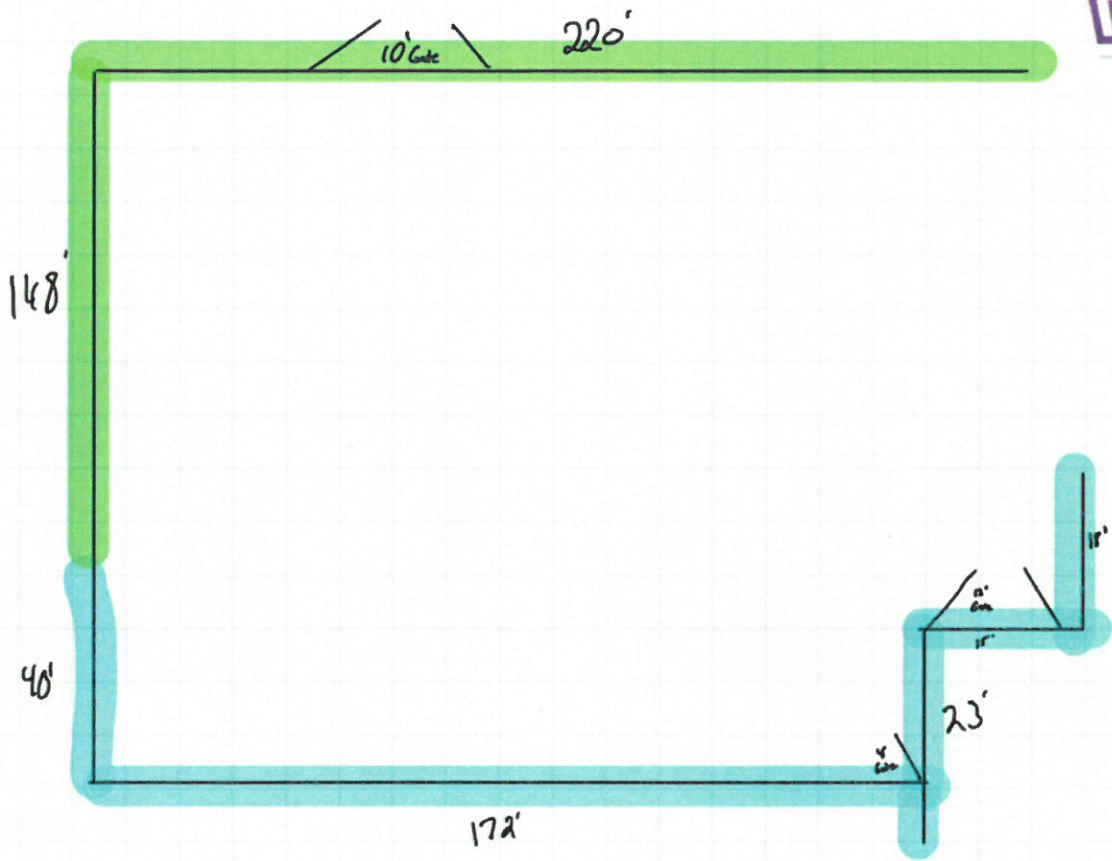
Section 35.2-13.4 (b) *Staff Recommendation*. Upon finding that the application is complete the City Planner shall prepare a report making findings and recommendations on the application and authorize notice to be provided in accordance with section 35.2-13.5 (Notice and HPC Hearing).

Martin Donovan of 2144 Rivermont Avenue is petitioning to do the following:

1. Install commercial grade black aluminum fence around property
 - a. 6' tall along back of property next to park
 - b. 4' tall on sides of house and along front sidewalk

This item was postponed from the September 21st meeting.

October 6, 2020 submission



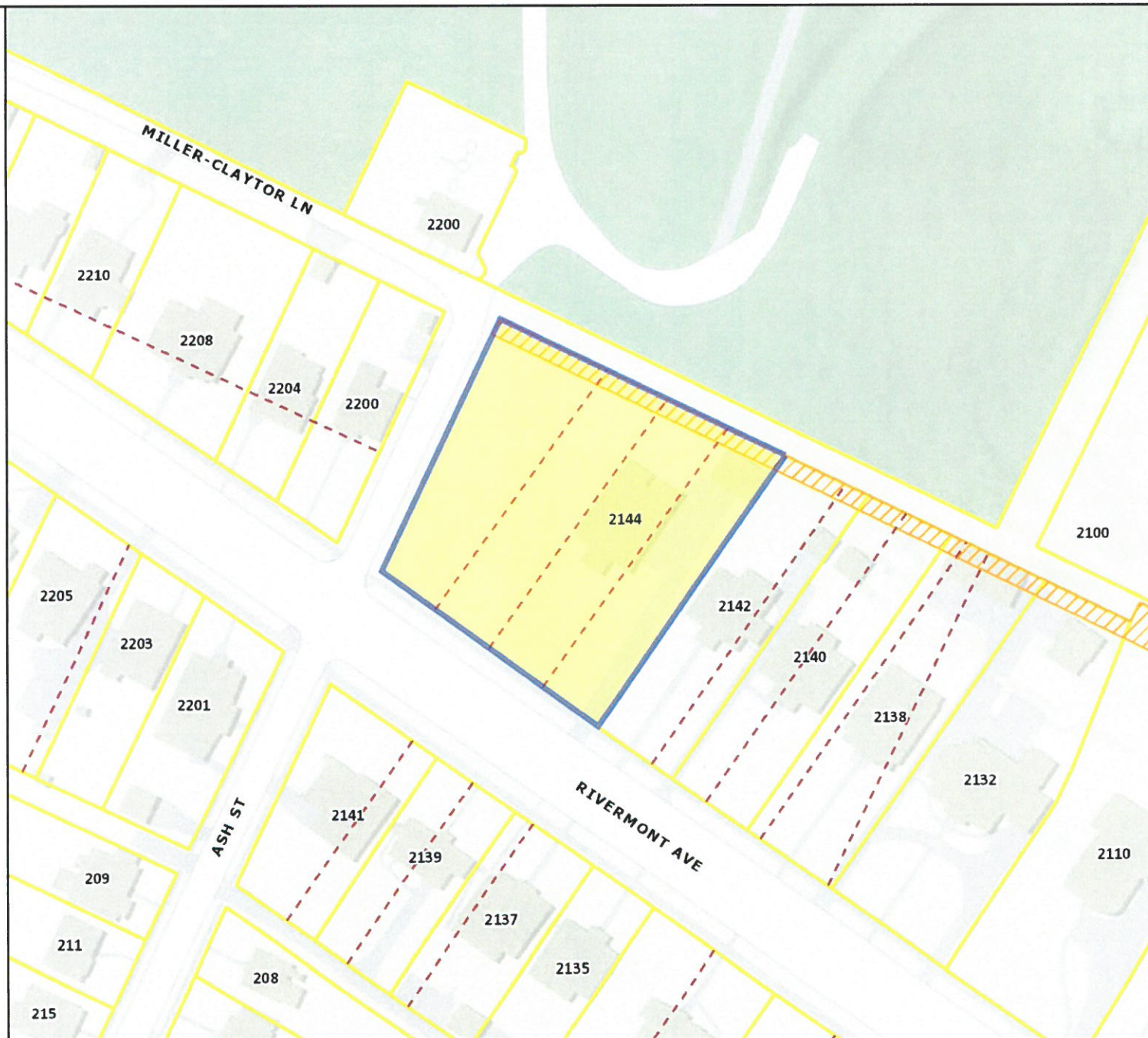
Date: 8-26-20
Customer Name: Martin Dawson
Address: 2144 Rivermont Ave, Lynchburg, VA
Phone: 727-512-1704
Email: Martin.Dawson.Realtor@gmail.com
Fence Category: Ornamental - Black, Classic Spear Top
Gate(s): 1- 6'x10' Double Gate, 1- 4'x12' Double Gate, 1- 4'x4' Gate
Notes:

Representative:

The City of Lynchburg, VA

Legend

- Addresses
- Street Labels
- Legal Lot Lines
- Vacated Right of Way
- Parcels
- Owner Undetermined
- Survey Gap
- Assessed By County



Feet

0 20 40 60 80

1:1,200 / 1"=100 Feet

Parcels

10/6/2020

DISCLAIMER: This drawing is neither a legally recorded map nor a survey and is not intended to be used as such. The information displayed is a compilation of records, information, and data obtained from various sources, and the City of Lynchburg is not responsible for its accuracy or how current it may be.



October 6, 2020 submission



October 6, 2020 submission



From: [Martin Donovan](#)
To: [Glasgow, Victoria](#)
Subject: Re: Message from Lauren Bell Real Estate
Date: Wednesday, October 7, 2020 9:20:24 AM

CAUTION: External Sender

Regarding the fence the 6 ft is the same as 4ft fence as in picture. They wanted to make sure I was using the same design? As far as location I sent plat showing my property line and that is where fence will go.

Sent from my iPhone

On Oct 7, 2020, at 9:12 AM, Glasgow, Victoria
<victoria.glasgow@lynchburgva.gov> wrote:

Mr. Donovan,

It looks like you sent the wrong attachment by mistake – this is what you submitted for the previous meeting, which the Commission could not make a determination off of.

As a courtesy reminder, the HPC needs the following:

HPC2008-0015, aluminum fence – provide the Commission a visual of what the 6' fence looks like, show where the fence is located in relation to the house, property lines, and street (e.g., include building footprint, property lines, and street on fence plan submitted).

HPC2009-0011, removal of pavement – provide the Commission a landscape plan that explicitly shows pavement to be removed and the depth of the turnaround. An example of a landscaping plan can be found in [3206 Rivermont's agenda item](#), where the petition was approved.

Please provide by tomorrow's deadline for materials.

From: Martin Donovan
Sent: Tuesday, October 6, 2020 1:09 PM
To: Glasgow, Victoria
Subject: Fwd: Message from Lauren Bell Real Estate

CAUTION: External Sender

Regarding the aluminum fence please see attached pics of fence and note that the fence will be all the same. I am making higher in the back area to discourage people from climbing over to get into the pool from the park area. It will match all the way around as in picture. This fence will be located on the property line in the exact location of the previous wood fence that was taken down on the property line see attached City of Lynchburg parcel.

Regarding removal of asphalt please see attached photo. The square area will be removed and the area used for turn around is 18 feet and is not visible from the street it is in between two trees that will be planted with ferns next year because the deer seem to eat everything else I plant. It won't be able to turn around in that area it is more of an area to back into so I can turn around forward to exit drive onto rivermont. Mike & Chris both came to the property and seem to think that was fine?

Thanks
Marty

From: [Glasgow, Victoria](#)
To: [Martin Donovan](#)
Subject: RE: Canceled: September HPC meeting
Date: Wednesday, September 23, 2020 11:30:00 AM

The meeting was held online: you entered the lobby when you clicked on the link and received the message that you would be admitted.

Your items were postponed, not denied: more information is needed for the HPC to make a determination.

As communicated in prior emails, the Commission still requires a plan outlining which parts of the pavement you plan to remove and keep. They were not able to make a decision based on the materials provided.

From: Martin Donovan
Sent: Tuesday, September 22, 2020 2:57 PM
To: Glasgow, Victoria
Subject: Re: Canceled: September HPC meeting

CAUTION: External Sender

Well I did show the picture of the fence? The fence will be the exact same for the four foot section along with the 6 foot! I also sent along the outline of the fence and will be places where the previous fence was located on the property. Am I able to just request to appeal to the City Council at this point because it wasn't approved? I am removing the asphalt area which was not approved I did not believe that we are required to give landscape designs?

How come I was sent a link and not told that we were meeting in person?

Thanks

On Tue, Sep 22, 2020 at 2:36 PM Glasgow, Victoria <victoria.glasgow@lynchburgva.gov> wrote:

Mr. Donovan,

The meeting was not cancelled: the event cancellation notice went out when I ended the meeting after it adjourned at 6:00pm. Petitioners were admitted into a lobby area and were then let into the meeting when the Commission discussed their item.

The Commission reviewed your petitions and found that more information is needed for them to make a decision. I've relayed their requests below:

HPC2008-0015, aluminum fence – provide the Commission a visual of what the 6' fence looks like, show where the fence is located in relation to the house, property lines, and street (e.g., include building footprint, property lines, and street on fence plan submitted).

HPC2009-0011, removal of pavement – provide the Commission a landscape plan that explicitly shows pavement to be removed and the depth of the turnaround. An example of a landscaping plan can be found in [3206 Rivermont's agenda item](#), where the petition was approved.

Your petitions will be reviewed during the October 19th meeting: while no further COA applications are needed from you, the requested materials must be submitted by October 6th.

Further questions and concerns can be directed to the Commissioners, whose contact information is listed on the roster sheet I previously emailed you.

Thank you,
Victoria

From: Martin Donovan
Sent: Tuesday, September 22, 2020 8:06 AM
To: Glasgow, Victoria
Subject: Re: Canceled: September HPC meeting

CAUTION: External Sender

Are they going reschedule for this month? Can my fence be approved administratively?

Sent from my iPhone

On Sep 21, 2020, at 6:01 PM, Glasgow, Victoria <victoria.glasgow@lynchburgva.gov> wrote:

[Join Microsoft Teams Meeting](#)

[Learn more about Teams](#) | [Meeting options](#)

<mime-attachment.ics>

IX. GUIDELINES FOR SITE AND SETTING

1. FENCES

POLICY:

Fences were used in Lynchburg to separate lots and to outline front yards. Fences were typically constructed of wood, cast iron, brick, stone, or woven wire. Lynchburg is notable for the amount and quality of its historic cast iron fences. Historic (pre-1955) fences should be preserved and maintained. The construction of new fences based upon historic designs and materials is also appropriate.

Fences:

- A. of cast iron, stone, metal (wire) or brick that are original to the property (or built before 1955) should be preserved, or if missing, may be reconstructed based on physical or pictorial evidence.
- B. of cast iron may be added to properties with buildings constructed to the early 20th century. Cast iron fences are not appropriate for buildings built after 1920.

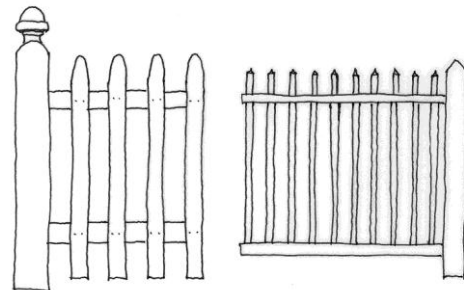


Cast iron fence with manufacturer's plate at 822 Federal Street.



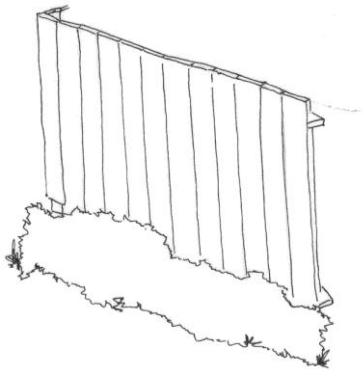
Acceptable woven wire fence design.

- C. of wood pickets are appropriate for front yards and should be painted or stained light, pale white or beige tones. Wood fences in front yards should be no taller than three feet, have pickets no wider than four inches and set no farther apart than three inches. Woven wire fences in front yards should also not be more than three feet tall.
- D. of wood boards for privacy should be located in rear yards and generally be no taller than six feet (most pre-fabricated wood fence sections are 8' wide by 6' high). Privacy fences of this height should be at least half-way back from the front to the back walls on the side of the house. Privacy fences of flat boards in a single row are more historically correct than shadowbox (alternating boards) designs but both designs are acceptable. Fences with flat tops, "dog ear", or Gothic (pointed tops) designs are all acceptable. "Stockade" designs are discouraged. Fences should be finished side visible to the outside of the perimeter, and stained or painted to blend with the building.
- E. of free-standing brick or concrete walls are not appropriate in front yards but are acceptable at rear yards and side yards not visible from the street.
- F. of split or horizontal rails, and of railroad ties or timbers, whether freestanding or as retaining walls, are not appropriate for front yards but may be added at rear yards or non-visible side yards.
- G. of chain link are not considered appropriate and will not be approved except for repairs to existing nonconforming fences resulting from the designation of the property/district as historic.



Recommended picket fence designs.

Appropriate wood picket fences in the 300 block of Harrison Street.



Recommended privacy fence design, finished side out.



Appropriate privacy fence at 416-418 Washington Street.



Stockade style fences (typically tall, solid board fences with “pickets” having flat side on the interior, and rounded side on the exterior) are discouraged.



Certificate of Appropriateness (COA)

City of Lynchburg

Submitted On:
September 2, 2020 12:44pm
America/New_York

Email	
Upload File(s)	
Property Address (only street address required)	2144 Rivermont Avenue Lynchburg VA 24503
Parcel ID Number (found at this link: https://etrakit.lynchburgva.gov/Search/parcel.aspx)	
Choose a District	Rivermont Avenue
Property Owner Name	Martin Donovan
Property Owner Address	2144 Rivermont Avenue Lynchburg VA 24503
Property Owner Phone	
Property Owner Email	
I understand that submission of this application authorizes the entry onto the property by the Historic Preservation Commission, City Staff and City Council during the normal discharge of their duties in regard to this application.	Yes
The applicant is the:	Owner
Petitioner Name	martin donovan
Petitioner Address	2144 rivermont ave lynchburg VA 24503
Petitioner Phone	
Petitioner Email	
Signature Data	First Name: Martin Last Name: Donovan Email Address:

	Signed at: September 2, 2020 12:43pm America/New_York
Representative Name	Martin Donovan
Firm Name	owner
Address	2144 Rivermont Ave Lynchburg VA 24503
Phone	
Email	.
Preference for COA approval/denial delivery (select one):	Mail to address
Who should we call to notify for pickup or mail the COA to?	Property Owner
Please give a detailed description and justification for the alteration, demolition or new construction: (this form must be accompanied by the necessary drawings, material samples, photographs, plans and other materials appropriate to the request. Failure to provide supporting documentation will result in the request not being scheduled for review by the HPC)	Fencing in property for both security and pets. Will place fence where previous fence was located. This will be a commercial grade black aluminum fence. It will be six feet tall along back near park for security and then lowered down to four feet on both sides to match up with front along side walk.
Nature of Request (check all that apply)	New Construction/Addition Object (signs, fences, walls)
Indicate what supporting documentation is being provided:	Site Plans Photographs Maps, drawings, dimensions, or other documentation
Upload File(s)	
Is there any application relevant to this property before the:	COA
Will there be a problem completing the work within twenty-four (24) months?	No

If yes, please explain why work cannot be completed in twenty-four (24) months.

Fence Application Timeline

9/2/20

- Received COA application for fence.

9/21/20

- HPC meeting. While Mr. Donovan did make it into the Teams lobby, he did not stay to the point where this petition was reviewed. Both fence application and repaving application were reviewed. Commission could not make a determination based on the information provided and **postponed** the applications. Said that further questions and concerns could be directed towards the Commissioners.
 - o For the fence, they require: *HPC2008-0015, aluminum fence – provide the Commission a visual of what the 6' fence looks like, show where the fence is located in relation to the house, property lines, and street (e.g., include building footprint, property lines, and street on fence plan submitted).*

9/22/20

- Received email from Mr. Donovan asking if they would reschedule the meeting.
- Responded that the meeting was not cancelled. Explained that the petitions needed more information and relayed the HPC's requests. Gave Mr. Donovan a deadline for requested materials.
- Received email from Mr. Donovan expressing confusion and frustration. He asked about appeal.

9/23/20

- Reiterated that meeting was held online and the explained the lobby process. Explained that items were postponed, not denied, and that more information is needed. Reiterated that a plan is needed.

10/6/20

- Received email providing brief descriptions for both properties. The attachment included had no new materials other than a screenshot of the property from Parcelviewer.

10/7/20

- Emailed Mr. Donovan that it looked like he sent the wrong attachments by mistake. Reiterated what the HPC had requested (specific plans showing location and orientation of fence relative to house/street). Copy and pasted the HPC's requests that had been originally sent. Reiterated that materials were needed by the next day.

- Received following email: *Regarding the fence the 6 ft is the same as 4ft fence as in picture. They wanted to make sure I was using the same design? As far as location I sent plat showing my property line and that is where fence will go.*

10/9/20

- Compiled agenda for October meeting. Sent Commissioners email updating them on status of postponed projects. Included following description for MD's property: **2114 Rivermont (2 items: fence and pavement):** *In addition to what was previously submitted, the petitioner submitted a written description and a map from the City's ParcelViewer. While he was responsive and while he twice received descriptions of what the Commission needed, he did not submit the materials you requested. Please find our communication in the agenda summaries for this property.*

10/19/20

- HPC meeting. Did not receive "meeting accepted" from Mr. Donovan, who did not enter the meeting at any point.
- HPC2008-0015, request to add an aluminum fence around the property: stated that the materials requested at the last meeting were not provided. Some written descriptions were provided. Commission expressed confusion regarding what they saw and felt they still did not have enough materials to approve the item, especially due to the confusion regarding orientation of the sidewalk and the berm. Application was denied based on lack of materials.

10/20/20

- Sent following email to Mr. Donovan, with COA denial and conditional approval attached:
 - o Mr. Donovan, Please find below the HPC's determinations of your two petitions reviewed last night.
 - o **HPC2008-0015, installation of metal fence: denied.** This petition was denied due to lack of materials. In September, the Commission required a visual of what the 6' fence looked like along with where the fence is located in relation to the house, property lines, and street (e.g., include building footprint, property lines, and street on fence plan submitted). The only additional materials provided was a picture of the parcel from the City's Mapviewer. Please see the COA Denial attached for further details regarding the appeals process: you have the right to appeal by submitting a written notice to Alicia Finney, our acting Clerk of Council, within 15 days of yesterday's meeting. If you wish to reapply with the needed materials, please note that the deadline for the November 16th meeting is Sunday, November 1st.

- **HPC2009-0011, removal of pavement: approved with conditions.** This petition is approved under the conditions that the paved area in front of the house be removed in its entirety, leaving only a section 15' from the edge of previously existing driveway for a turnaround – all other elements must be removed. Please find the COA Conditional Approval for this item attached.

10/21/20

- Acting Clerk of Council Alicia Finney received written notice of denial for fence, as copied below:
 - *Here is a copy of the denial for my fence. Would you please let me know what I need to do to appeal to City Council! Would you also please send me the names and contact information for City Council members! Thanks*

10/27/20

- Sent email to Mr. Donovan confirming that we received notice; cc'ed Tom Martin and Alicia Finney. Provided requirements for sign (specifications, content, days it must be erected, picture proof requirement). Provided example of sign with all fields besides basic information (name, address, telephone number) filled out.
- Mailed hard copies of letter to Mr. Donovan's physical address and PO box

11/4/20

- Received draft sign.
- Conveyed that it met specifications.

11/6/20

- Received pictures of the sign in the yard of 2144 Rivermont from Mr. Donovan. Confirmed receipt. Received same email from Alicia Finney.

A RESOLUTION REVERSING THE DECISION OF THE HISTORIC PRESERVATION COMMISSION TO DENY A CERTIFICATE OF APPROPRIATENESS AT 2144 RIVERMONT AVENUE TO ERECT A BLACK ALUMINUM FENCE AROUND THE PROPERTY DUE TO LACK OF PROVIDING MATERIALS.

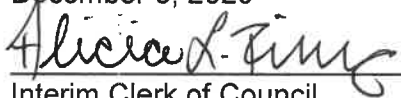
BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG that request of Martin Donovan for a Certificate of Appropriateness to erect a black aluminum fence around the property at 2144 Rivermont Avenue is in keeping with the Lynchburg Historic Districts Residential Design Review Guidelines, Section IX. (1) Fences.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG that the petition of Martin Donovan for a Certificate of Appropriateness to erect a black aluminum fence around the property at 2144 Rivermont Avenue is hereby reversed.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG that in reversing the decision of the Historic Preservation Commission the Council of the City of Lynchburg hereby directs the Clerk of Council to issue a Certificate of Appropriateness to Martin Donovan allowing the erection of a black aluminum fence around the property at 2144 Rivermont Avenue.

Adopted: December 8, 2020

Certified:


Interim Clerk of Council

Finney, Alicia

From: Andrew Glover <andrew@glover.us>
Sent: Wednesday, November 18, 2020 12:24 PM
To: Finney, Alicia
Subject: Public comment at the next state council meeting

Follow Up Flag: Flag for follow up
Flag Status: Flagged

CAUTION: External Sender

Good afternoon Alicia,
I would like to be placed on the public comment agenda at next week's City council meeting.

I will be making a request for the council to reconsider their rules and procedures regarding the timelines when making public comment requests. Particularly, that the city council meeting agenda is released after the deadline to submit a request for public comment. Meaning that if something shows up on the agenda that you would like to comment on, you are unable to.

Thanks,
-Andrew Glover

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155A

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 8, 2020**

AGENDA ITEM #: **11**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Housing Authority Bond Issuance – James Crossing Apartments

KEY ELEMENTS:

___ Economic Development X Excellent Government X Natural and Built Environment ___ Safe Community X Vibrant Community

RECOMMENDATION: Adopt a resolution re-authorizing the issuance by the Lynchburg Redevelopment and Housing Authority (LRHA) tax-exempt revenue bonds, originally authorized December 10, 2019, for the acquisition and rehabilitation of James Crossing Apartments.

SUMMARY: On December 10, 2019, City Council authorized the issuance of tax exempt revenue bonds by the Lynchburg Redevelopment and Housing Authority for the acquisition and rehabilitation of the James Crossing Apartments, located at 808 Greenfield Drive. Due to the impacts of COVID-19, this issuance has not been completed and must be re-authorized by City Council. The Housing Authority conducted the requisite public hearing on November 19, 2020 and recommended approval.

Although the bonds will be issued through the Lynchburg Redevelopment and Housing Authority, regulations require that Lynchburg City Council adopt a resolution supporting the transaction.

PRIOR ACTION: December 10, 2019 – City Council authorized the issuance of \$28,000,000 by LRHA

FISCAL IMPACT: Neither the Authority nor the City has responsibility for the payment of these bonds as they are a conduit for revenue bonds.

CONTACT(S): Richard L. Hurlbert, Jr., Bond Counsel, 804-554-4802
Herschel Keller, Attorney, LRHA, 455-9944

ATTACHMENT(S):

Resolution
Letter from LRHA Executive Director to the Interim City Manager
Fiscal Impact Statement
LRHA Inducement Resolution
Annotated Changes from December 10, 2019 Resolution
December 10, 2019 agenda materials

REVIEWED BY: raw

**RESOLUTION APPROVING THE ISSUANCE BY THE
LYNCHBURG REDEVELOPMENT AND HOUSING AUTHORITY
OF ITS TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS
FOR THE ACQUISITION AND
REHABILITATION OF JAMES CROSSING APARTMENTS
LOCATED IN THE CITY OF LYNCHBURG, VIRGINIA**

WHEREAS, the Lynchburg Redevelopment and Housing Authority (the “Authority”) is authorized to advertise and hold public hearings relative to the issuance of private activity bonds; and

WHEREAS, the Authority has previously considered and approved the request of Waters at James Crossing, LP, a Delaware limited partnership (the “Purchaser”), whose address is c/o Atlantic Housing Foundation, Inc., 4770 Iberia Avenue, Suite 100, Dallas Texas 75207, for the issuance by the Authority of its tax-exempt multifamily housing revenue bonds in the maximum principal amount not to exceed \$28,000,000, upon terms and conditions to be mutually agreed upon by the Authority and the Purchaser (the “Bonds”), to finance a portion of the costs of acquisition and rehabilitation of a 288-unit multifamily housing apartment project and related or ancillary facilities known as James Crossing Apartments (the “Project”), located at 808 Greenfield Drive, Lynchburg, Virginia 24501, in the City of Lynchburg, Virginia (the “City”); and

WHEREAS, the City has previously considered and approved a Resolution authorizing, among other things, the issuance of the Bonds by the Authority for the Project; and

WHEREAS, the issuance of the Bonds for the Project was delayed due to multiple factors including without limitation (1) unanticipated delays in the underwriting process for the Bonds and allocation of low income housing tax credits for the Project, and (2) impacts from the global pandemic attributable to the novel coronavirus known as COVID-19; and

WHEREAS, the approvals previously granted by the Authority and the City regarding the issuance of the Bonds will expire before it will be possible for the Bonds to be issued; and

WHEREAS, the Purchaser has requested that the Authority and the City reconsider and reapprove the issuance of the Bonds at this time, such that the Bonds may be issued in 2021; and

WHEREAS, on November 19, 2020, the Authority conducted a public hearing on the issuance of the Bonds and, by adoption of a resolution (the “Inducement Resolution”), declared its official intent to issue the Bonds to finance the Project, and recommended (among other things) that the City Council of the City of Lynchburg (the “City Council”) approve the issuance of the Bonds; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), provides that the applicable elected representatives of the governmental unit issuing private activity bonds shall approve the issuance of such bonds; and

WHEREAS, the Authority, as the issuing governmental unit with respect to the Bonds, has no applicable elected representatives and the City Council is the next highest governmental unit with such representatives; and

WHEREAS, the members of the City Council constitute the applicable elected representatives of the City of Lynchburg (the “City”); and

WHEREAS, the Bonds are considered “industrial development bonds” within the meaning of Section 103(B) of the Internal Revenue Code of 1954, as amended, and accordingly, Chapter 514 of the 1983 Acts of the General Assembly of Virginia requires that any government entity established by or pursuant to an Act of the General Assembly, such as the Authority, shall comply with the procedures set forth in Sections 15.2-4906 and 15.2-4907 of the Virginia Code; and

WHEREAS, the procedures set forth in Section 15.2-4906 and 15.2-4907 of the Virginia Code have been satisfied; to wit: (1) the Authority has adopted the Inducement Resolution recommending that the City Council approve the issuance of the Bonds and a copy of such Inducement Resolution, (2) a reasonably detailed summary of the comments, if any, expressed at the public hearing described in the foregoing Recitals, and (3) the Fiscal Impact Statement required by Section 15.2-4907 of the Virginia Code, have been filed with the City Council; and,

WHEREAS, Section 15.2-4906 of the Virginia Code requires that, within sixty (60) calendar days after the public hearing, the City Council either approve or disapprove the financing of any facility recommended by the Authority; and

WHEREAS, the Bonds, as exempt facility bonds issued under section 142 of the Code, will necessitate that the Purchaser secure an allocation of private activity housing bond cap (the “PAB Allocation”) in order for interest on the Bonds to be exempt from the imposition of federal income tax; and

WHEREAS, the Purchaser’s plan of finance contemplates and includes an allocation of low income housing tax credits for the Project, if available under applicable law and regulations (the “LIHTC Allocation”);

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LYNCHBURG, VIRGINIA THAT:

1. The City Council approves the foregoing recitals, which are incorporated in, and deemed a part of, this Resolution as if fully set forth herein.

2. The City Council approves the issuance of the Bonds by the Authority in an amount not to exceed \$28,000,000 for the benefit of the Purchaser and approves the Authority’s taking all actions necessary in the discretion of the Authority to the extent of and as required by Section 147(f) of the code, Chapter 514 of the 1983 Acts of the Virginia General Assembly, and Sections 15.2-4906 and 15.2-4907 of the Virginia Code, to permit the Authority to assist in the financing of the Project through the issuance of the Bonds. Each of the City Manager, the Mayor and the Clerk of this Council are hereby authorized to take such further actions and execute and

deliver such other documents, instruments, certificates or correspondence as are not inconsistent with this Resolution and may be necessary or appropriate for the issuance of the Bonds by the Authority and the award/allocation of the PAB Allocation and the LIHTC Allocation.

3. The approval of the City Council of the issuance of the Bonds by the Authority as required by Section 147(f) of the Code, Chapter 514 of the 1983 Acts of the Virginia General Assembly, and Sections 15.2-4906 and 15.2-4907 of the Virginia Code does not constitute an endorsement to the prospective owners of the Bonds of the creditworthiness of the Project or the Purchaser, and the Bonds shall provide that neither the City nor the Authority shall be obligated to pay the Bonds or the interest thereon or other costs incident thereto except from the revenues and monies pledged thereto, and that neither the faith and credit nor the taxing power of the City or the Authority is pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto.

4. In approving this Resolution, the City, including its elected representatives, officers, employees and agents, shall not be liable, and hereby disclaims all liability for any damages to any person, direct or consequential, resulting from the Authority's failure to issue the Bonds for any reason.

5. The Agreement dated as of December, 2019 by and among the Authority, the City and the Borrower (the "James Crossing Agreement"), in substantially the form previously approved by the Authority and as presented to the City and its counsel at this meeting or prior to the date hereof, is hereby ratified and confirmed; provided however that Exhibit A to the James Crossing Agreement shall be replaced with the Exhibit presented to the Authority in connection with its adoption of the Inducement Resolution. Each of the City Manager, the Mayor, and the Clerk of this Council shall be and hereby is authorized and directed to execute or re-execute the James Crossing Agreement and to deliver same to the Authority and the Borrower; and, upon such execution, the City Manager shall maintain or cause to be maintained a fully-executed version of the James Crossing Agreement in the City's files.

6. While the City has agreed in the James Crossing Agreement to assist the Borrower in obtaining a reservation of low income housing tax credits and/or an allocation of private activity housing bond cap for the Project, such support shall be limited to the execution and delivery of the correspondence and/or documents necessary for the Borrower to complete and submit the applications for such tax credits and private activity housing bond cap (as provided in Section 15 of the James Crossing Agreement), and the City makes no representations to the Borrower regarding the availability of such sources of funding.

7. The approvals evidenced by this Resolution are contingent upon the satisfaction of all legal requirements applicable to the issuance of the Bonds.

6. This Resolution shall take effect immediately upon its adoption.

READ AND ADOPTED: December 8, 2020

CERTIFICATE

Record of the roll-call vote by the City Council of the City of Lynchburg, Virginia, upon reading on a resolution titled “**RESOLUTION APPROVING THE ISSUANCE BY THE LYNCHBURG REDEVELOPMENT AND HOUSING AUTHORITY OF ITS TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS FOR THE ACQUISITION AND REHABILITATION OF JAMES CROSSING APARTMENTS LOCATED IN THE CITY OF LYNCHBURG, VIRGINIA,**” taken at a meeting of the City Council held on December [8][22], 2020:

	AYE	NAY	ABSTAIN	ABSENT
Mary Jane Dolan, Mayor				
Beau Wright, Vice Mayor				
Jeff Helgeson				
Randy Nelson				
Chris Faraldi				
Sterling Wilder				
Treney Tweedy				

Dated: December __, 2020

(SEAL)

Mayor, City of Lynchburg, Virginia

ATTEST:

Clerk, City Council of the City of
Lynchburg, Virginia

The undersigned Clerk of the City Council of the City of Lynchburg, Virginia (the “City Council”) hereby certifies that the foregoing is a true, correct, and complete copy of a Resolution adopted by the City Council at its meeting duly called and held on December [8][22], 2020, in accordance with law, and that such Resolution has not been repealed, revoked, rescinded, or amended, but is in full force and effect as of the date hereof.

WITNESS my hand and the seal of the City of Lynchburg, Virginia this Authority this ____ day of December, 2020.

Clerk, City Council of the City of Lynchburg,
Virginia



November 30, 2020

City Council of the City of Lynchburg
Attention: Mr. Wodicka, Interim City Manager
City of Lynchburg, Virginia
900 Church Street
Lynchburg, VA 24504

**Lynchburg Redevelopment and Housing Authority
Proposed Financing for James Crossing Apartments**

Dear Mr. Wodicka:

Waters at James Crossing, LP, a Virginia limited partnership (the "Borrower"), has previously requested that the Lynchburg Redevelopment and Housing Authority (the "Authority"), issue up to \$28,000,000 of its revenue bonds (the "Bonds") as a conduit bond issuer, to assist the Borrower in financing certain costs of the acquisition, construction and equipping of a multifamily residential rental housing project known as James Crossing Apartments (the "Project"), consisting of approximately 288 residential units and related facilities located at 808 Greenfield Drive, Lynchburg, Virginia 24501. This Project was the subject of a Resolution that was considered and approved by the Authority last year, on December 3, 2019, and by City Council last year, on December 10, 2019 (collectively, the "Prior Approvals").

Due to the multiple factors that impacted the Borrower's plans, the Authority has been advised that it will not be feasible for the Bonds to be issued before the Prior Approvals expire under applicable law. The Borrower has therefore requested that, to facilitate the issuance of the Bonds in 2021, the Authority hold a public hearing, as required by applicable law, and consider a second Inducement Resolution related to the Bonds, which it did on November 19, 2020. A certified copy of the Inducement Resolution is attached hereto as Exhibit A. As was the case with the Prior Approvals, the Inducement Resolution includes, among other things, a recommendation by the Authority that the Lynchburg City Council ("Council") approve the issuance of the Bonds, as required by applicable law.

As was the case with the Prior Approvals, the Authority also hereby delivers to you (1) a reasonably detailed summary of the comments expressed at the public hearing (if any) (attached hereto as Exhibit B); and (2) a fiscal impact statement as required by applicable law (attached hereto as Exhibit C).



We Do Business In Accordance With the Federal Fair Housing Law

Fax: 434.845.9144 • TTY: 800.828.1120 VA 711

918 COMMERCE STREET • LYNCHBURG, VA 24504 • (434) 485-7200

City Council of the City of Lynchburg
Attention: Mr. Wodicka, Interim City Manager

-2-

November 30, 2020

Finally, I am attaching as Exhibit D hereto a draft of the Resolution of Council (the "Council Resolution") that we would ask to be included on the Agenda for consideration by Council at its December 8, 2020 meeting. The Council Resolution is virtually identical to the Resolution that was considered by Council in connection with the Prior Approvals, and has been reviewed by the Authority's counsel, the City Attorney, and bond counsel for the Borrower, so we believe it to be in form sufficient to be included on the Agenda for Council's December 8 meeting.

Please let me know if there are any questions regarding these matters, and thank you for your assistance.

Very truly yours,



Mary E. Mayrose
Executive Director

FISCAL IMPACT STATEMENT
SUBMITTED TO THE
LYNCHBURG REDEVELOPMENT AND HOUSING AUTHORITY

The undersigned applicant submits the following information in compliance with Section 15.2-4907 of the Code of Virginia of 1950, as amended:

Name of applicant: Waters at James Crossing, L.P.

Facility: James Crossing Apartments, located in the City of Lynchburg, Virginia, at 808 Greenfield Drive, Lynchburg, Virginia 24501.

1.	Maximum amount of financing sought	\$28,000,000	
2.	Estimated taxable value of facility's real property to be constructed in the locality	\$9,374,000	
3.	Estimated real property tax per year using present tax rates	\$104,000	
4.	Estimated personal property tax per year using present tax rates	\$0	
5.	Estimated merchant's capital tax per year using present tax rates	N/A	
		<u>Construction</u>	<u>Annual</u>
6.	a. Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality	\$6,353,690	\$34,000
	b. Estimated dollar value per year of goods that will be purchased from non-Virginia companies within the locality	\$1,587,380	\$22,000
	c. Estimated dollar value per year of services that will be purchased from Virginia companies within the locality	\$4,129,690	\$182,000
	d. Estimated dollar value per year of services that will be purchased from non-Virginia companies within the locality	\$1,270,460	\$114,000
7.	Estimated number of regular employees on year round basis (FTE)		6
8.	Average annual salary per employee		\$40,000

Dated: November 19, 2020

WATERS AT JAMES CROSSING, L.P.

By: AHF-Waters at James Crossing, LLC
Its: General Partner

By: _____
Its: _____

LYNCHBURG REDEVELOPMENT AND
HOUSING AUTHORITY

By: 
Mary E. Mayrose, Executive Director

RESOLUTION NO. 1259

**INDUCEMENT RESOLUTION
REGARDING THE ISSUANCE OF
MULTIFAMILY HOUSING REVENUE BONDS
FOR THE ACQUISITION AND REHABILITATION OF
JAMES CROSSING APARTMENTS
LOCATED IN THE CITY OF LYNCHBURG, VIRGINIA**

WHEREAS, there have been described to the Lynchburg Redevelopment and Housing Authority (the "Authority") the plans to acquire and rehabilitate a 288-unit multifamily housing apartment project known as James Crossing Apartments (the "Project"), located at 808 Greenfield Drive, Lynchburg, Virginia 24501 by Waters at James Crossing, LP, (the "Borrower"), an entity affiliated with Atlantic Housing Foundation, Inc., a South Carolina corporation; and

WHEREAS, the Project shall be established and maintained as a "qualified residential rental project" within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Authority is empowered, pursuant to the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia of 1950, as amended (the "Act"), to (among other things), issue its bonds as a conduit bond issuer for the purpose, among others, of financing the acquisition, construction and equipping of multifamily housing apartment projects such as the Project, located within the territorial boundaries of the City of Lynchburg, Virginia (the "City"); and

WHEREAS, the Borrower has requested that the Authority agree to issue its tax-exempt multifamily housing revenue bonds under the Act in an aggregate principal amount not to exceed \$28,000,000 (the "Bonds"), the proceeds of which will be used to finance costs to be incurred in acquiring and rehabilitating the Project, as permitted under the Act; and

WHEREAS, a public hearing has been held with respect to the Project and the Bonds, in accordance with Section 147(f) of the Code and Section 15.2-4906 of the Virginia Code, as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE LYNCHBURG REDEVELOPMENT AND HOUSING AUTHORITY THAT:

1. The foregoing recitals are approved by the Authority and are incorporated in, and deemed a part of, this resolution.

2. It is hereby found and determined that the acquisition and rehabilitation of the Project by the Borrower will further the public purposes of the Act by assisting in providing housing to "persons of low income" and "persons of moderate income" (as each such term is defined in the Act) in the City.

3. It is hereby found and determined that the Project will constitute a "housing project" as that term is defined in the Act.

4. To assist the Borrower in financing the acquisition and rehabilitation of the Project, and in maintaining the Project as a "qualified residential rental project" within the meaning of Section 142(d) of the Code, the Authority hereby agrees, subject to approvals required by applicable law, to undertake the issuance of (and hereby declares its official intent to issue) its taxable and/or tax-exempt multifamily housing revenue bonds in a maximum aggregate principal amount not to exceed \$28,000,000 for the purpose of assisting the Borrower in financing the acquisition and rehabilitation of the Project, including, as necessary, the financing of capitalized interest on the Bonds, any necessary reserve funds with respect to, and costs of issuance of, the Bonds, only as permitted by applicable law, upon the terms and conditions to be mutually agreed upon by the Authority and the Borrower, all at Borrower's expense. The Bonds shall be issued in forms and pursuant to terms to be set by the Authority.

5. It having been represented to the Authority that it is necessary to proceed with the acquisition and rehabilitation of the Project, the Authority hereby agrees that the Borrower may, all at its expense, proceed with the plans for the Project, to enter into contracts related to the acquisition and rehabilitation of the Project, and to take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Borrower to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Project.

6. The Authority hereby designates Haneberg Hurlbert PLC, Richmond, Virginia, to serve as bond counsel and hereby appoints such firm to supervise the proceedings and approve the issuance of the Bonds, all at the Borrower's expense.

7. The Authority hereby agrees, if requested, to accept the reasonable recommendation of the Borrower with respect to the appointment of a placement agent or underwriter for the sale of the Bonds pursuant to the terms to be mutually agreed upon.

8. All costs and expenses in connection with the financing and the acquisition and rehabilitation of the Project, including the fees and expenses of bond counsel, counsel for the Authority and the agent or underwriter for the sale of the Bonds shall be paid from the proceeds of the Bonds (but only to the extent permitted by applicable law) or by the Borrower. If for any reason such Bonds are not issued, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefore.

9. Upon issuance of the Bonds, the Borrower shall pay to the Authority, in addition to all other amounts due hereunder and under the Bond documents, an issuance fee equal to one-percent (1%) of the principal amount of the Bonds. If the Bonds are not issued, the Borrower will not owe this fee.

10. In adopting this resolution the Authority intends to evidence its "official intent" to reimburse Project expenditures with proceeds from the issuance of the Bonds, within the meaning of Treasury Regulations Section 1.150-2.

11. The Bonds shall be limited obligations of the Authority solely as a conduit bond issuer and shall be payable solely out of revenues, receipts and payments specifically pledged therefore, and the Authority shall have no greater liability on the Bonds than allowed by law. In no event shall the Authority be obligated to pay any principal or interest due on the Bonds. Neither the commissioners, officers, agents or employees of the Authority, past, present and future, nor any person executing the Bonds, shall be liable personally on the Bonds by reason of the issuance thereof. The Bonds shall include on their face the statements required by Section 36-29 of the Act. Neither the faith and credit nor the taxing power of the City, the Commonwealth of Virginia, or any political subdivision thereof, shall be pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto. The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

12. The Authority (including its officers, commissioners, employees and agents) shall not be liable and hereby disclaims any liability to Purchaser and all other persons or entities for any damages, direct or consequential, resulting from the issuance of the Bonds or failure of the Authority to issue the Bonds for any reason. Any obligation of the Authority to issue the Bonds as requested by the Borrower is contingent upon the satisfaction of all legal requirements. The Authority shall not be liable and hereby disclaims all liability to the Borrower for any damages, direct or consequential, resulting from the Authority's failure to issue Bonds for the Project, or either of them, for any reason, including but not limited to, the failure of the City Council of the City (the "City Council") to approve the issuance of the Bonds. The Borrower, by receiving the benefits of this resolution hereby agrees that the Loan or Financing Agreement related to the Bonds shall contain a covenant by the Borrower to indemnify, defend and hold harmless the Authority and the City, and each of their respective, council members, officers, commissioners, employees, insurers, attorneys and agents, from and against all liabilities, obligations, claims, damages, penalties, taxes, losses, costs and expenses, including without limitation attorneys' and experts fees, which arise, in whole or in part, as a result of, or are in any way connected with the Project, the issuance of the Bonds, the Bonds, arbitrage or rebate on the Bonds, or other Project financing, so long as unrelated to third-party personal injury, property damage, disease or death resulting from the sole negligence or willful misconduct of the Authority or the City, or any of their respective employees or others for whom either the Authority or the City is legally liable. Such indemnification covenant shall survive the transfer of the Project or repayment/defeasance of the Bonds, and shall be acknowledged by the parent company of the Borrower.

13. The Authority hereby recommends that the City Council approve the issuance of the Bonds, and the Authority hereby directs the Chair or Vice Chair of the Authority to submit to the City Council, a reasonably detailed summary of the comments, if any, expressed at the public hearing on the Bonds, the fiscal impact statement required by Virginia law for the Project and the Bonds, and a copy of this resolution.

14. No Bonds may be issued pursuant to this resolution until such time as (a) the issuance of the Bonds has been approved by the City Council, and (b) the final terms and details of the Bonds have been approved by subsequent resolution of the Authority. If the Authority and Borrower are unable to agree, after negotiating in good faith, on the final terms and details of the Bonds, including any documents related thereto, the Authority may give notice to the Borrower of

its intent not to proceed with the issuance of the Bonds and, in such event, the Authority will have no further liability to the Borrower or in any respect with regard to the Bonds or the Project, except for any obligations under any Housing Assistance Payment Contracts existing prior to the adoption of this resolution.

15. The Agreement dated as of December 10, 2019 or its Effective Date (as defined therein) by and among the Authority, the City and the Borrower (the "James Crossing Agreement"), in substantially the form presented to the Authority and its counsel in December, 2019, is hereby ratified and confirmed by the Authority; provided however that Exhibit A to the James Crossing Agreement shall be amended and restated in the form presented to the Authority in connection with its consideration of this Resolution. The Executive Director shall maintain or cause to be maintained a fully-executed version of the James Crossing Agreement in the Authority's files.

16. While the Authority has agreed in the James Crossing Agreement to assist the Borrower in obtaining a reservation of low income housing tax credits and/or an allocation of private activity bond cap for the Project, the Authority makes no representations to the Borrower regarding the availability of such sources of funding.

17. This Resolution shall take effect immediately upon its adoption.

Adopted: November 19, 2020

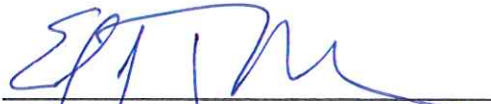
CERTIFICATE OF VOTES

Record of the roll-call vote by the Lynchburg Redevelopment and Housing Authority, upon reading on a resolution titled **"INDUCEMENT RESOLUTION REGARDING THE ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS FOR THE ACQUISITION AND REHABILITATION OF JAMES CROSSING APARTMENTS LOCATED IN THE CITY OF LYNCHBURG, VIRGINIA"** taken at a meeting of the Authority held on November 19, 2020:

	AYE	NAY	ABSTAIN	ABSENT
Hunsdon Cary, III	✓			
John Farnandez	✓			
Edgar J.T. Perrow, Jr.	✓			
Sarah E. Ploch	✓			
Lauretta Spencer	✓			
Norwood O. Morrison	✓			
Treney Tweedy				✓

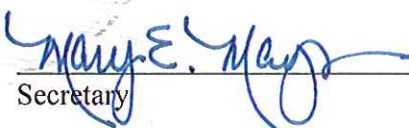
Dated: November 19, 2020

(SEAL)



Chair, Lynchburg Redevelopment and Housing Authority

ATTEST:



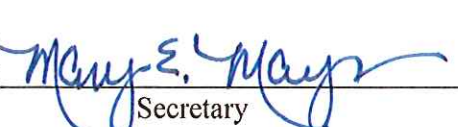
Secretary

The undersigned Secretary of the Lynchburg Redevelopment and Housing Authority hereby certifies that the foregoing is a true, correct, and complete copy of a Resolution adopted by the Authority's commissioners present and voting at a meeting duly called and held on November 19, 2020, in accordance with law, and that such Resolution has not been repealed, revoked, rescinded, or amended, but is in full force and effect as of the date hereof.

WITNESS my hand and the seal of the Authority this 19th day of November, 2020.

LYNCHBURG REDEVELOPMENT AND HOUSING
AUTHORITY

By:



Secretary

**RESOLUTION APPROVING THE ISSUANCE BY THE
LYNCHBURG REDEVELOPMENT AND HOUSING AUTHORITY
OF ITS TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS
FOR THE ACQUISITION AND
REHABILITATION OF JAMES CROSSING APARTMENTS
LOCATED IN THE CITY OF LYNCHBURG, VIRGINIA**

WHEREAS, the Lynchburg Redevelopment and Housing Authority (the “Authority”) is authorized to advertise and hold public hearings relative to the issuance of private activity bonds; and

WHEREAS, the Authority has previously considered and approved the request of Waters at James Crossing, LP, a Delaware limited partnership (the “Purchaser”), whose address is c/o Atlantic Housing Foundation, Inc., 4770 Iberia Avenue, Suite 100, Dallas Texas 75207, for the issuance by the Authority of its tax-exempt multifamily housing revenue bonds in the maximum principal amount not to exceed \$28,000,000, upon terms and conditions to be mutually agreed upon by the Authority and the Purchaser (the “Bonds”), to finance a portion of the costs of acquisition and rehabilitation of a 288-unit multifamily housing apartment project and related or ancillary facilities known as James Crossing Apartments (the “Project”), located at 808 Greenfield Drive, Lynchburg, Virginia 24501, in the City of Lynchburg, Virginia (the “City”); and

WHEREAS, ~~on December 3, 2019~~ the City has previously considered and approved a Resolution authorizing, among other things, the issuance of the Bonds by the Authority for the Project; and

WHEREAS, the issuance of the Bonds for the Project was delayed due to multiple factors including without limitation (1) unanticipated delays in the underwriting process for the Bonds and allocation of low income housing tax credits for the Project, and (2) impacts from the global pandemic attributable to the novel coronavirus known as COVID-19; and

WHEREAS, the approvals previously granted by the Authority and the City regarding the issuance of the Bonds will expire before it will be possible for the Bonds to be issued; and

WHEREAS, the Purchaser has requested that the Authority and the City reconsider and reapprove the issuance of the Bonds at this time, such that the Bonds may be issued in 2021; and

WHEREAS, on November 19, 2020, the Authority conducted a public hearing on the issuance of the Bonds and, by adoption of a resolution (the “Inducement Resolution”), declared its official intent to issue the Bonds to finance the Project, and recommended (among other things) that the City Council of the City of Lynchburg (the “City Council”) approve the issuance of the Bonds; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), provides that the applicable elected representatives of the governmental unit issuing private activity bonds shall approve the issuance of such bonds; and

WHEREAS, the Authority, as the issuing governmental unit with respect to the Bonds, has no applicable elected representatives and the City Council is the next highest governmental unit with such representatives; and

WHEREAS, the members of the City Council constitute the applicable elected representatives of the City of Lynchburg (the “City”); and

WHEREAS, the Bonds are considered “industrial development bonds” within the meaning of Section 103(B) of the Internal Revenue Code of 1954, as amended, and accordingly, Chapter 514 of the 1983 Acts of the General Assembly of Virginia requires that any government entity established by or pursuant to an Act of the General Assembly, such as the Authority, shall comply with the procedures set forth in Sections 15.2-4906 and 15.2-4907 of the Virginia Code; and

WHEREAS, the procedures set forth in Section 15.2-4906 and 15.2-4907 of the Virginia Code have been satisfied; to wit: (1) the Authority has adopted the Inducement Resolution recommending that the City Council approve the issuance of the Bonds and a copy of such Inducement Resolution, (2) a reasonably detailed summary of the comments, if any, expressed at the public hearing described in the foregoing Recitals, and (3) the Fiscal Impact Statement required by Section 15.2-4907 of the Virginia Code, have been filed with the City Council; and,

WHEREAS, Section 15.2-4906 of the Virginia Code requires that, within sixty (60) calendar days after the public hearing, the City Council either approve or disapprove the financing of any facility recommended by the Authority; and

WHEREAS, the Bonds, as exempt facility bonds issued under section 142 of the Code, will necessitate that the Purchaser secure an allocation of private activity housing bond cap (the “PAB Allocation”) in order for interest on the Bonds to be exempt from the imposition of federal income tax; and

WHEREAS, the Purchaser’s plan of finance contemplates and includes an allocation of low income housing tax credits for the Project, if available under applicable law and regulations (the “LIHTC Allocation”);

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LYNCHBURG, VIRGINIA THAT:

1. The City Council approves the foregoing recitals, which are incorporated in, and deemed a part of, this Resolution as if fully set forth herein.

2. The City Council approves the issuance of the Bonds by the Authority in an amount not to exceed \$28,000,000 for the benefit of the Purchaser and approves the Authority’s taking all actions necessary in the discretion of the Authority to the extent of and as required by Section 147(f) of the code, Chapter 514 of the 1983 Acts of the Virginia General Assembly, and Sections 15.2-4906 and 15.2-4907 of the Virginia Code, to permit the Authority to assist in the financing of the Project through the issuance of the Bonds. Each of the City Manager, the Mayor and the Clerk of this Council are hereby authorized to take such further actions and execute and

deliver such other documents, instruments, certificates or correspondence as are not inconsistent with this Resolution and may be necessary or appropriate for the issuance of the Bonds by the Authority and the award/allocation of the PAB Allocation and the LIHTC Allocation.

3. The approval of the City Council of the issuance of the Bonds by the Authority as required by Section 147(f) of the Code, Chapter 514 of the 1983 Acts of the Virginia General Assembly, and Sections 15.2-4906 and 15.2-4907 of the Virginia Code does not constitute an endorsement to the prospective owners of the Bonds of the creditworthiness of the Project or the Purchaser, and the Bonds shall provide that neither the City nor the Authority shall be obligated to pay the Bonds or the interest thereon or other costs incident thereto except from the revenues and monies pledged thereto, and that neither the faith and credit nor the taxing power of the City or the Authority is pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto.

4. In approving this Resolution, the City, including its elected representatives, officers, employees and agents, shall not be liable, and hereby disclaims all liability for any damages to any person, direct or consequential, resulting from the Authority's failure to issue the Bonds for any reason.

5. The Agreement dated as of December ~~—~~, 2019 by and among the Authority, the City and the Borrower (the "James Crossing Agreement"), in substantially the form previously approved by the Authority and as presented to the City and its counsel at this meeting or prior to the date hereof, is hereby ~~approved, ratified and confirmed; provided however that Exhibit A to the James Crossing Agreement shall be replaced with the Exhibit presented to the Authority in connection with its adoption of the Inducement Resolution.~~ Each of the City Manager, the Mayor, and the Clerk of this Council shall be and hereby is authorized and directed to execute ~~or re-execute~~ the James Crossing Agreement and to deliver same to the Authority and the Borrower; and, upon such execution, the City Manager shall maintain or cause to be maintained a fully-executed version of the James Crossing Agreement in the City's files.

6. While the City has agreed in the James Crossing Agreement to assist the Borrower in obtaining a reservation of low income housing tax credits and/or an allocation of private activity housing bond cap for the Project, such support shall be limited to the execution and delivery of the correspondence and/or documents necessary for the Borrower to complete and submit the applications for such tax credits and private activity housing bond cap (as provided in Section 15 of the James Crossing Agreement), and the City makes no representations to the Borrower regarding the availability of such sources of funding.

7. The approvals evidenced by this Resolution are contingent upon the satisfaction of all legal requirements applicable to the issuance of the Bonds.

6. This Resolution shall take effect immediately upon its adoption.

READ AND ADOPTED: December ~~10, 2019~~[\[8\]\[22\], 2020](#)

CERTIFICATE

Record of the roll-call vote by the City Council of the City of Lynchburg, Virginia, upon reading on a resolution titled “**RESOLUTION APPROVING THE ISSUANCE BY THE LYNCHBURG REDEVELOPMENT AND HOUSING AUTHORITY OF ITS TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS FOR THE ACQUISITION AND REHABILITATION OF JAMES CROSSING APARTMENTS LOCATED IN THE CITY OF LYNCHBURG, VIRGINIA,**” taken at a meeting of the City Council held on December ~~10, 2019~~[\[8\]\[22\], 2020](#):

	AYE	NAY	ABSTAIN	ABSENT
Treney Tweedy MaryJane Dolan , Mayor				
Mary Jane Dolan Beau Wright , Vice Mayor				
Jeff Helgeson				
Randy Nelson				
Turner Perrow Chris Faraldi				
Sterling Wilder				
Beau Wright Treney Tweedy				

Dated: December ~~10, 2019~~[__, 2020](#)

(SEAL)

Mayor, City of Lynchburg, Virginia

ATTEST:

Clerk, City Council of the City of
Lynchburg, Virginia

The undersigned Clerk of the City Council of the City of Lynchburg, Virginia (the “City Council”) hereby certifies that the foregoing is a true, correct, and complete copy of a Resolution adopted by the City Council at its meeting duly called and held on December ~~10, 2019~~[\[8\]\[22\], 2020](#), in accordance with law, and that such Resolution has not been repealed, revoked, rescinded, or amended, but is in full force and effect as of the date hereof.

WITNESS my hand and the seal of the City of Lynchburg, Virginia this Authority this ____ day of December, ~~2019~~[2020](#).

Clerk, City Council of the City of Lynchburg,
Virginia

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 10, 2019**

AGENDA ITEM #: **30**

CONSENT:
ACTION: X

REGULAR: X
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Resolution Approving the Issuance by the Lynchburg Redevelopment and Housing Authority of its Tax-Exempt Multifamily Housing Revenue Bonds for the Acquisition and Rehabilitation of James Crossing Apartments

KEY ELEMENTS:

☒ Economic Development ☐ Excellent Government ☐ Natural and Built Environment ☐ Safe Community ☒ Vibrant Community

RECOMMENDATION: Adopt the attached resolution approving the issuance of up to \$28,000,000 in tax-exempt revenue bonds for the rehabilitation of the James Crossing Apartments located at 808 Greenfield Drive through the Lynchburg Redevelopment and Housing Authority (LRHA).

SUMMARY: State Code requires City Council to approve the issuance of tax-exempt multifamily housing revenue bonds by the LRHA. The purpose of the bond issuance is to finance a portion of the costs of acquisition and rehabilitation of a 288-unit multifamily apartment complex and ancillary facilities known as James Crossing Apartments.

The Lynchburg Redevelopment and Housing Authority of the City of Lynchburg advertised and held a Public Hearing on December 3, 2019 as required and recommended that City Council approve the issuance of bonds.

Although the bonds will be issued through the Lynchburg Redevelopment and Housing Authority, regulations require the Lynchburg City Council adopt a resolution supporting the transaction.

PRIOR ACTION(S): December 3, 2019: Lynchburg Redevelopment and Housing Authority Public Hearing and adoption of a Resolution declaring its intent to issue the bonds to finance the project.

FISCAL IMPACT: Neither the Authority nor the City has responsibility for the payment of these bonds as they are a conduit for revenue bonds.

CONTACT(S): Richard L. Hurlbert, Jr., Bond Counsel, 804-554-4802
Herschel Keller, Attorney, LRHA, 455-9944

ATTACHMENT(S):
Resolution
December 3, 2019 Letter from Lynchburg Redevelopment and Housing Authority with Bond Documents

REVIEWED BY: bms

**RESOLUTION APPROVING THE ISSUANCE BY THE
LYNCHBURG REDEVELOPMENT AND HOUSING AUTHORITY
OF ITS TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS
FOR THE ACQUISITION AND
REHABILITATION OF JAMES CROSSING APARTMENTS
LOCATED IN THE CITY OF LYNCHBURG, VIRGINIA**

WHEREAS, the Lynchburg Redevelopment and Housing Authority (the "Authority") is authorized to advertise and hold public hearings relative to the issuance of private activity bonds; and

WHEREAS, the Authority has previously considered and approved the request of Waters at James Crossing, LP, a Delaware limited partnership (the "Purchaser"), whose address is c/o Atlantic Housing Foundation, Inc., 4770 Iberia Avenue, Suite 100, Dallas Texas 75207, for the issuance by the Authority of its tax-exempt multifamily housing revenue bonds in the maximum principal amount not to exceed \$28,000,000, upon terms and conditions to be mutually agreed upon by the Authority and the Purchaser (the "Bonds"), to finance a portion of the costs of acquisition and rehabilitation of a 288-unit multifamily housing apartment project and related or ancillary facilities known as James Crossing Apartments (the "Project"), located at 808 Greenfield Drive, Lynchburg, Virginia 24501, in the City of Lynchburg, Virginia (the "City"); and

WHEREAS, on December 3, 2019, the Authority conducted a public hearing on the issuance of the Bonds and, by adoption of a resolution (the "Inducement Resolution"), declared its official intent to issue the Bonds to finance the Project, and recommended (among other things) that the City Council of the City of Lynchburg (the "City Council") approve the issuance of the Bonds; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), provides that the applicable elected representatives of the governmental unit issuing private activity bonds shall approve the issuance of such bonds; and

WHEREAS, the Authority, as the issuing governmental unit with respect to the Bonds, has no applicable elected representatives and the City Council is the next highest governmental unit with such representatives; and

WHEREAS, the members of the City Council constitute the applicable elected representatives of the City of Lynchburg (the "City"); and

WHEREAS, the Bonds are considered "industrial development bonds" within the meaning of Section 103(B) of the Internal Revenue Code of 1954, as amended, and accordingly, Chapter 514 of the 1983 Acts of the General Assembly of Virginia requires that any government entity established by or pursuant to an Act of the General Assembly, such as the Authority, shall

comply with the procedures set forth in Sections 15.2-4906 and 15.2-4907 of the Virginia Code; and

WHEREAS, the procedures set forth in Section 15.2-4906 and 15.2-4907 of the Virginia Code have been satisfied; to wit: (1) the Authority has adopted the Inducement Resolution recommending that the City Council approve the issuance of the Bonds and a copy of such Inducement Resolution, (2) a reasonably detailed summary of the comments, if any, expressed at the public hearing described in the foregoing Recitals, and (3) the Fiscal Impact Statement required by Section 15.2-4907 of the Virginia Code, have been filed with the City Council; and,

WHEREAS, Section 15.2-4906 of the Virginia Code requires that, within sixty (60) calendar days after the public hearing, the City Council either approve or disapprove the financing of any facility recommended by the Authority; and

WHEREAS, the Bonds, as exempt facility bonds issued under section 142 of the Code, will necessitate that the Purchaser secure an allocation of private activity housing bond cap (the "PAB Allocation") in order for interest on the Bonds to be exempt from the imposition of federal income tax; and

WHEREAS, the Purchaser's plan of finance contemplates and includes an allocation of low income housing tax credits for the Project, if available under applicable law and regulations (the "LIHTC Allocation");

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LYNCHBURG, VIRGINIA THAT:

1. The City Council approves the foregoing recitals, which are incorporated in, and deemed a part of, this Resolution as if fully set forth herein.

2. The City Council approves the issuance of the Bonds by the Authority in an amount not to exceed \$28,000,000 for the benefit of the Purchaser and approves the Authority's taking all actions necessary in the discretion of the Authority to the extent of and as required by Section 147(f) of the code, Chapter 514 of the 1983 Acts of the Virginia General Assembly, and Sections 15.2-4906 and 15.2-4907 of the Virginia Code, to permit the Authority to assist in the financing of the Project through the issuance of the Bonds. Each of the City Manager, the Mayor and the Clerk of this Council are hereby authorized to take such further actions and execute and deliver such other documents, instruments, certificates or correspondence as are not inconsistent with this Resolution and may be necessary or appropriate for the issuance of the Bonds by the Authority and the award/allocation of the PAB Allocation and the LIHTC Allocation.

3. The approval of the City Council of the issuance of the Bonds by the Authority as required by Section 147(f) of the Code, Chapter 514 of the 1983 Acts of the Virginia General Assembly, and Sections 15.2-4906 and 15.2-4907 of the Virginia Code does not constitute an endorsement to the prospective owners of the Bonds of the creditworthiness of the Project or the Purchaser, and the Bonds shall provide that neither the City nor the Authority shall be obligated to pay the Bonds or the interest thereon or other costs incident thereto except from the revenues

and monies pledged thereto, and that neither the faith and credit nor the taxing power of the City or the Authority is pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto.

4. In approving this Resolution, the City, including its elected representatives, officers, employees and agents, shall not be liable, and hereby disclaims all liability for any damages to any person, direct or consequential, resulting from the Authority's failure to issue the Bonds for any reason.

5. The Agreement dated as of December 3, 2019 by and among the Authority, the City and the Borrower (the "James Crossing Agreement"), in substantially the form previously approved by the Authority and as presented to the City and its counsel at this meeting or prior to the date hereof, is hereby approved. Each of the City Manager, the Mayor, and the Clerk of this Council shall be and hereby is authorized and directed to execute the James Crossing Agreement and to deliver same to the Authority and the Borrower; and, upon such execution, the City Manager shall maintain or cause to be maintained a fully-executed version of the James Crossing Agreement in the City's files.

6. While the City has agreed in the James Crossing Agreement to assist the Borrower in obtaining a reservation of low income housing tax credits and/or an allocation of private activity housing bond cap for the Project, such support shall be limited to the execution and delivery of the correspondence and/or documents necessary for the Borrower to complete and submit the applications for such tax credits and private activity housing bond cap (as provided in Section 15 of the James Crossing Agreement), and the City makes no representations to the Borrower regarding the availability of such sources of funding.

7. The approvals evidenced by this Resolution are contingent upon the satisfaction of all legal requirements applicable to the issuance of the Bonds.

6. This Resolution shall take effect immediately upon its adoption.

READ AND ADOPTED: December 10, 2019

CERTIFICATE

Record of the roll-call vote by the City Council of the City of Lynchburg, Virginia, upon reading on a resolution titled **“RESOLUTION APPROVING THE ISSUANCE BY THE LYNCHBURG REDEVELOPMENT AND HOUSING AUTHORITY OF ITS TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS FOR THE ACQUISITION AND REHABILITATION OF JAMES CROSSING APARTMENTS LOCATED IN THE CITY OF LYNCHBURG, VIRGINIA,”** taken at a meeting of the City Council held on December 10, 2019:

	AYE	NAY	ABSTAIN	ABSENT
Treney Tweedy, Mayor				
Mary Jane Dolan, Vice Mayor				
Jeff Helgeson				
Randy Nelson				
Turner Perrow				
Sterling Wilder				
Beau Wright				

Dated: December 10, 2019

(SEAL)

Mayor, City of Lynchburg, Virginia

ATTEST:

Clerk, City Council of the City of
Lynchburg, Virginia

The undersigned Clerk of the City Council of the City of Lynchburg, Virginia (the “City Council”) hereby certifies that the foregoing is a true, correct, and complete copy of a Resolution adopted by the City Council at its meeting duly called and held on December 10, 2019, in accordance with law, and that such Resolution has not been repealed, revoked, rescinded, or amended, but is in full force and effect as of the date hereof.

WITNESS my hand and the seal of the City of Lynchburg, Virginia this Authority this
day of December, 2019.

Clerk, City Council of the City of
Lynchburg, Virginia



December 3, 2019

City Council of the City of Lynchburg
Attention: Bonnie Svrcek, City Manager
City of Lynchburg, Virginia
900 Church Street
Lynchburg, VA 24504

**Lynchburg Redevelopment and Housing Authority
Proposed Financing for James Crossing Apartments**

Dear Madam Manager:

This letter is a follow up to my letter dated November 20, 2019 regarding the proposed financing for James Crossing Apartments rehabilitation. All documents necessary for the Council meeting on December 10th are attached.

Waters at James Crossing, LP, a Virginia limited partnership (the "Borrower"), has requested that the Lynchburg Redevelopment and Housing Authority (the "Authority"), issue up to \$28,000,000 of its revenue bonds (the "Bonds") as a conduit bond issuer, to assist the Borrower in financing certain costs of the acquisition, construction and equipping of a multifamily residential rental housing project known as James Crossing Apartments (the "Project"), consisting of approximately 288 residential units and related facilities located at 808 Greenfield Drive, Lynchburg, Virginia 24501. A summary of the Project and a brief description of the Borrower are attached hereto as Exhibit A.

To facilitate the issuance of the Bonds, the Authority expects to hold a public hearing, as required by applicable law, on December 3, 2019. Thereafter, the Authority expects to consider an Inducement Resolution relative to the issuance of the Bonds, in substantially the form attached hereto as Exhibit B. If the Resolution is adopted by the Authority, the Authority will agree to assist the Borrower through issuance of the Bonds, (subject to the Authority's subsequent approval of bond documents and final terms of the Bonds), and will further approve an Agreement with the Borrower relative to certain Project-related issues, in substantially the form attached hereto as Exhibit C. The Inducement Resolution will also include, among other things, a recommendation by the Authority that the Lynchburg City Council ("Council") approve the issuance of the Bonds, as required by applicable law, at its meeting on December 10, 2019.



We Do Business In Accordance With the Federal Fair Housing Law

Fax: 434.845.9144 • TTY: 800.828.1120 VA 711

918 COMMERCE STREET • LYNCHBURG, VA 24504 • (434) 485-7200

If the Inducement Resolution is adopted by the Authority on December 3, 2019, the Authority expects to deliver to you, as promptly as possible thereafter, (1) a certified copy of the Inducement Resolution, as adopted by the Authority; (2) an affidavit of publication of the notice of public hearing and a reasonably detailed summary of the comments expressed at the public hearing (if any); and (3) a fiscal impact statement as required by applicable law. These items will be prepared and/or executed at, or directly after, the Authority's meeting on December 3, 2019.

Inasmuch as the Authority's meeting will be held just a week prior to the Council meeting at which the Authority will request that Council consider the issuance of the Bonds, I am attaching as Exhibit D hereto a draft of the Resolution of Council (the "Council Resolution") that we would ask to be included on the Agenda for consideration by Council at its December 10, 2019 meeting. The Council Resolution has been reviewed by the Authority's counsel, the City Attorney, and bond counsel for the Borrower, so we believe it to be in form sufficient to be included on the Agenda for Council's December 10 meeting.

Please let me know if there are any questions regarding these matters, and thank you for your assistance.

Very truly yours,


R. Dawn Fagan
Executive Director

EXHIBIT A

SUMMARY OF PLANS OF ATLANTIC HOUSING FOUNDATION, INC. REGARDING THE ACQUISITION AND REHABILITATION OF JAMES CROSSING APARTMENTS

ATLANTIC HOUSING FOUNDATION, INC.

Atlantic Housing Foundation, Inc. ("AHF") is a leading non-profit real estate firm founded in 1999 in South Carolina and headquartered in Dallas, Texas. AHF primarily focuses on the renovation and preservation of existing affordable housing and has a wealth of experience with local, state, and federal affordable housing programs, including the U.S. Department of Housing and Urban Development ("HUD") Section 8 and Low-Income Housing Tax Credit Programs. AHF has successfully acquired, developed, renovated, managed and preserved over 47 affordable and student housing properties consisting of more than 10,000 units in Virginia, North Carolina, South Carolina, Georgia, Florida and Texas.

In Virginia, AHF and its advisors have good working relationships with the Virginia Housing Development Authority ("VHDA") and the local HUD office.

JAMES CROSSING APARTMENTS

James Crossing Apartments (the "Property") is a 288-unit contiguous multifamily apartment complex located at 808 Greenfield Drive, Lynchburg, VA 24501. The Property has 24 three-story residential buildings that include apartments with 1, 2, and 3-bedroom units, as well as a laundry facility, a community center, a playground, a swimming pool, and a maintenance shop/storage.

The Property's 288 units are broken down as to type and size, as follows:

<u>Type of Unit</u>	<u>Number of Units</u>	<u>Square Footage</u>	<u>Current Monthly Rent (HUD Contract Rent)</u>
1 BR/1 BA	36	551 square feet	\$673
2 BR/1 BA	36	740 square feet	\$721
2 BR / 1 BA	107	800 square feet	\$721
3 BR/1.5 BA	108	1,032 square feet	\$854
Office	1	800 square feet	N/A

In all, the Project contains a total of 243,532 rentable square feet of space, excluding one 2-BR unit that is a leasing office.

Built in 1970, the Property has been reasonably maintained with periodic capital expenditures as needed but it has not undergone a comprehensive renovation. Waters at James Crossing, LP (the

EXHIBIT A

"Borrower"), an affiliate of AHF, intends to work with Lynchburg Redevelopment and Housing Authority ("LRHA") as a conduit bond issuer for the issuance of one or more series of tax-exempt bonds in an approximate maximum principal amount of \$28 million. The bonds are expected to be privately placed with a single institutional purchaser. The Borrower will also seek to obtain 4% as-of-right low-income housing tax credits from VHDA, which the Borrower plans to syndicate to raise equity in the approximate amount of \$9.6 million, which will be another source of funds to be utilized to finance the acquisition and rehabilitation of the Property. The Borrower's preliminary plans include an estimated \$10.2 million construction cost, which would result in an average investment of greater than \$35,000 per unit. A preliminary scope of work that describes some of the improvements that will be made to the Property has been submitted separately, but it is expected that the renovation will cover unit interiors, building exterior, amenity and site work improvements. The renovation is also expected to improve water and energy efficiency through installation of new fixtures, appliances and insulation.

In addition to renovating the Property, the Borrower intends to replace the existing project-based Section 8 contract that covers 276 of the 288 units and expires in 2034 with a new project-based Section 8 contract covering 276 units for a period of 20 years (i.e., through 2040). The units that are not covered by the Section 8 contract will continue to be managed under the VHDA LIHTC Program as well. Through this project, the Borrower will improve the Property for residents and preserve its affordability for at least another 20 years.

EXHIBIT B

INDUCEMENT RESOLUTION REGARDING THE ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS FOR THE ACQUISITION AND REHABILITATION OF JAMES CROSSING APARTMENTS LOCATED IN THE CITY OF LYNCHBURG, VIRGINIA

WHEREAS, there have been described to the Lynchburg Redevelopment and Housing Authority (the "Authority") the plans to acquire and rehabilitate a 288-unit multifamily housing apartment project known as James Crossing Apartments (the "Project"), located at 808 Greenfield Drive, Lynchburg, Virginia 24501 by Waters at James Crossing, LP, (the "Borrower"), an entity affiliated with Atlantic Housing Foundation, Inc., a South Carolina corporation; and

WHEREAS, the Project shall be established and maintained as a "qualified residential rental project" within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Authority is empowered, pursuant to the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia of 1950, as amended (the "Act"), to (among other things), issue its bonds as a conduit bond issuer for the purpose, among others, of financing the acquisition, construction and equipping of multifamily housing apartment projects such as the Project, located within the territorial boundaries of the City of Lynchburg, Virginia (the "City"); and

WHEREAS, the Borrower has requested that the Authority agree to issue its tax-exempt multifamily housing revenue bonds under the Act in an aggregate principal amount not to exceed \$28,000,000 (the "Bonds"), the proceeds of which will be used to finance costs to be incurred in acquiring and rehabilitating the Project, as permitted under the Act; and

WHEREAS, a public hearing has been held with respect to the Project and the Bonds, in accordance with Section 147(f) of the Code and Section 15.2-4906 of the Virginia Code, as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE LYNCHBURG REDEVELOPMENT AND HOUSING AUTHORITY THAT:

1. The foregoing recitals are approved by the Authority and are incorporated in, and deemed a part of, this resolution.
2. It is hereby found and determined that the acquisition and rehabilitation of the Project by the Borrower will further the public purposes of the Act by assisting in providing housing to "persons of low income" and "persons of moderate income" (as each such term is defined in the Act) in the City.

3. It is hereby found and determined that the Project will constitute a "housing project" as that term is defined in the Act.

4. To assist the Borrower in financing the acquisition and rehabilitation of the Project, and in maintaining the Project as a "qualified residential rental project" within the meaning of Section 142(d) of the Code, the Authority hereby agrees, subject to approvals required by applicable law, to undertake the issuance of (and hereby declares its official intent to issue) its tax-exempt multifamily housing revenue bonds in the maximum principal amount not to exceed \$28,000,000 for the purpose of assisting the Borrower in financing the acquisition and rehabilitation of the Project, including, as necessary, the financing of capitalized interest on the Bonds, any necessary reserve funds with respect to, and costs of issuance of, the Bonds, only as permitted by applicable law, upon the terms and conditions to be mutually agreed upon by the Authority and the Borrower, all at Borrower's expense. The Bonds shall be issued in form and pursuant to terms to be set by the Authority.

5. It having been represented to the Authority that it is necessary to proceed with the acquisition and rehabilitation of the Project, the Authority hereby agrees that the Borrower may, all at its expense, proceed with the plans for the Project, to enter into contracts related to the acquisition and rehabilitation of the Project, and to take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Borrower to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Project.

6. The Authority hereby designates Haneberg Hurlbert PLC, Richmond, Virginia, to serve as bond counsel and hereby appoints such firm to supervise the proceedings and approve the issuance of the Bonds, all at the Borrower's expense.

7. The Authority hereby agrees, if requested, to accept the reasonable recommendation of the Borrower with respect to the appointment of a placement agent or underwriter for the sale of the Bonds pursuant to the terms to be mutually agreed upon.

8. All costs and expenses in connection with the financing and the acquisition and rehabilitation of the Project, including the fees and expenses of bond counsel, counsel for the Authority and the agent or underwriter for the sale of the Bonds shall be paid from the proceeds of the Bonds (but only to the extent permitted by applicable law) or by the Borrower. If for any reason such Bonds are not issued, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefore.

9. Upon issuance of the Bonds, the Borrower shall pay to the Authority, in addition to all other amounts due hereunder and under the Bond documents, an issuance fee equal to one-percent (1%) of the principal amount of the Bonds. If the Bonds are not issued, the Borrower will not owe this fee.

10. In adopting this resolution the Authority intends to evidence its "official intent" to reimburse Project expenditures with proceeds from the issuance of the Bonds, within the meaning of Treasury Regulations Section 1.150-2.

11. The Bonds shall be limited obligations of the Authority solely as a conduit bond issuer and shall be payable solely out of revenues, receipts and payments specifically pledged therefore, and the Authority shall have no greater liability on the Bonds than allowed by law. In no event shall the Authority be obligated to pay any principal or interest due on the Bonds. Neither the commissioners, officers, agents or employees of the Authority, past, present and future, nor any person executing the Bonds, shall be liable personally on the Bonds by reason of the issuance thereof. The Bonds shall include on their face the statements required by Section 36-29 of the Act. Neither the faith and credit nor the taxing power of the City, the Commonwealth of Virginia, or any political subdivision thereof, shall be pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto. The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

12. The Authority (including its officers, commissioners, employees and agents) shall not be liable and hereby disclaims any liability to Purchaser and all other persons or entities for any damages, direct or consequential, resulting from the issuance of the Bonds or failure of the Authority to issue the Bonds for any reason. Any obligation of the Authority to issue the Bonds as requested by the Borrower is contingent upon the satisfaction of all legal requirements. The Authority shall not be liable and hereby disclaims all liability to the Borrower for any damages, direct or consequential, resulting from the Authority's failure to issue Bonds for the Project, or either of them, for any reason, including but not limited to, the failure of the City Council of the City (the "City Council") to approve the issuance of the Bonds. The Borrower, by receiving the benefits of this resolution hereby agrees that the Loan or Financing Agreement related to the Bonds shall contain a covenant by the Borrower to indemnify, defend and hold harmless the Authority and the City, and each of their respective, council members, officers, commissioners, employees, insurers, attorneys and agents, from and against all liabilities, obligations, claims, damages, penalties, taxes, losses, costs and expenses, including without limitation attorneys' and experts fees, which arise, in whole or in part, as a result of, or are in any way connected with the Project, the issuance of the Bonds, the Bonds, arbitrage or rebate on the Bonds, or other Project financing, so long as unrelated to third-party personal injury, property damage, disease or death resulting from the sole negligence or willful misconduct of the Authority or the City, or any of their respective employees or others for whom either the Authority or the City is legally liable. Such indemnification covenant shall survive the transfer of the Project or repayment/defeasance of the Bonds, and shall be acknowledged by the parent company of the Borrower.

13. The Authority hereby recommends that the City Council approve the issuance of the Bonds, and the Authority hereby directs the Chair or Vice Chair of the Authority to submit to the City Council, a reasonably detailed summary of the comments, if any, expressed at the public hearing on the Bonds, the fiscal impact statement required by Virginia law for the Project and the Bonds, and a copy of this resolution.

14. No Bonds may be issued pursuant to this resolution until such time as (a) the issuance of the Bonds has been approved by the City Council, and (b) the final terms and details of the Bonds have been approved by subsequent resolution of the Authority. If the Authority and Borrower are unable to agree, after negotiating in good faith, on the final terms and details of the Bonds, including any documents related thereto, the Authority may give notice to the Borrower of

its intent not to proceed with the issuance of the Bonds and, in such event, the Authority will have no further liability to the Borrower or in any respect with regard to the Bonds or the Project, except for any obligations under any Housing Assistance Payment Contracts existing prior to the adoption of this resolution.

15. The Agreement dated as of December 10, 2019 or its Effective Date (as defined therein) by and among the Authority, the City and the Borrower (the "James Crossing Agreement"), in substantially the form presented to the Authority and its counsel at or prior to the date hereof, is hereby approved by the Authority. Each of the Chairman, Vice Chairman or Executive Director of the Authority shall be and hereby is authorized and directed to execute the James Crossing Agreement and to deliver same to the City and the Borrower for execution; and, upon such execution, the Executive Director shall maintain or cause to be maintained a fully-executed version of the James Crossing Agreement in the Authority's files.

16. While the Authority has agreed in the James Crossing Agreement to assist the Borrower in obtaining a reservation of low income housing tax credits and/or an allocation of private activity bond cap for the Project, the Authority makes no representations to the Borrower regarding the availability of such sources of funding.

17. This Resolution shall take effect immediately upon its adoption.

Adopted: December 3, 2019

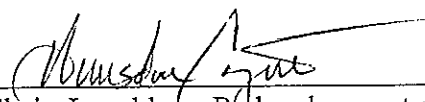
CERTIFICATE OF VOTES

Record of the roll-call vote by the Lynchburg Redevelopment and Housing Authority, upon reading on a resolution titled "**INDUCEMENT RESOLUTION REGARDING THE ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS FOR THE ACQUISITION AND REHABILITATION OF JAMES CROSSING APARTMENTS LOCATED IN THE CITY OF LYNCHBURG, VIRGINIA**" taken at a meeting of the Authority held on December 3, 2019:

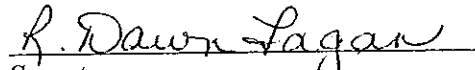
	AYE	NAY	ABSTAIN	ABSENT
Hunsdon Cary, III	X			
John Farnandez	X			
Edgar J.T. Perrow, Jr.				X
Sarah E. Ploch	X			
Lauretta Spencer				X
Norwood O. Morrison	X			
Treney Tweedy	X			

Dated: December 3, 2019

(SEAL)


Vice-Chair, Lynchburg Redevelopment and Housing
Authority

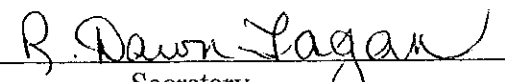
ATTEST:


Secretary

The undersigned Secretary of the Lynchburg Redevelopment and Housing Authority hereby certifies that the foregoing is a true, correct, and complete copy of a Resolution adopted by the Authority's commissioners present and voting at a meeting duly called and held on December 3, 2019, in accordance with law, and that such Resolution has not been repealed, revoked, rescinded, or amended, but is in full force and effect as of the date hereof.

WITNESS my hand and the seal of the Authority this 3rd day of December, 2019.

LYNCHBURG REDEVELOPMENT AND HOUSING
AUTHORITY

By: 
Secretary

SUMMARY OF PUBLIC HEARING STATEMENTS

At 9:32 a.m. on December 3, 2019, the Vice Chairman of the Lynchburg Redevelopment and Housing Authority (the "Authority") called to order a meeting of the Authority; and after introductory remarks and pleasantries were exchanged, at 9:36 a.m., announced the commencement of a public hearing held in the Authority's offices located at 918 Commerce Street, Lynchburg, Virginia 24504, on the issuance by the Authority of its tax-exempt Multifamily Housing Revenue Bonds (Waters at James Crossing Apartments Project) in a principal amount not to exceed \$28,000,000 (the "Bonds") to assist Waters at James Crossing, LP, a Virginia limited partnership (the "Borrower"), an affiliate of Atlantic Housing Foundation, Inc., a South Carolina corporation, whose address is 4770 Iberia Avenue, Suite 100, Dallas Texas 75207, in financing the costs of the acquisition and rehabilitation of a multifamily apartment complex known as James Crossing Apartments located in the City of Lynchburg, Virginia at 808 Greenfield Drive, Lynchburg, Virginia 24501, consisting of approximately 288 units and related facilities (the "Project"), including, as necessary, the financing of capitalized interest on the Bonds, any necessary reserve funds, and costs of issuance of the Bonds, in each case only as permitted by applicable law.

Dan French and Paul Vera, representatives of the Borrower, and Richard L. Hurlbert, Jr., Esq., of Haneberg Hurlbert PLC, Bond Counsel for the Borrower, attended the meeting on behalf of the Borrower.

No person appeared at the public hearing to speak in support of or opposition to the Project or the issuance of the Bonds and the Vice Chairman closed the public hearing at 9:37 a.m.

FISCAL IMPACT STATEMENT
SUBMITTED TO THE
LYNCHBURG REDEVELOPMENT AND HOUSING AUTHORITY

The undersigned applicant submits the following information in compliance with Section 15.2-4907 of the Code of Virginia of 1950, as amended:

Name of applicant: Waters at James Crossing, L.P.

Facility: James Crossing Apartments, located in the City of Lynchburg, Virginia, at 808 Greenfield Drive, Lynchburg, Virginia 24501.

1.	Maximum amount of financing sought	\$28,000,000	
2.	Estimated taxable value of facility's real property to be constructed in the locality	\$9,374,000	
3.	Estimated real property tax per year using present tax rates	\$104,000	
4.	Estimated personal property tax per year using present tax rates	\$0	
5.	Estimated merchant's capital tax per year using present tax rates	N/A	
		<u>Construction</u>	<u>Annual</u>
6.	a. Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality	\$4,571,000	\$34,000
	b. Estimated dollar value per year of goods that will be purchased from nonVirginia companies within the locality	\$1,142,000	\$22,000
	c. Estimated dollar value per year of services that will be purchased from Virginia companies within the locality	\$2,971,000	\$182,000
	d. Estimated dollar value per year of services that will be purchased from nonVirginia companies within the locality	\$914,000	\$114,000
7.	Estimated number of regular employees on year round basis (FTE)		6
8.	Average annual salary per employee		\$40,000

Dated: December 3, 2019

WATERS AT JAMES CROSSING, L.P.

By: AHF-Waters at James Crossing, LLC
Its: General Partner

By: Michael M. M.
Its: PRESIDENT & CEO

LYNCHBURG REDEVELOPMENT AND
HOUSING AUTHORITY

By: R. Dawn Lagan
Chairman Executive Director

EXHIBIT C

AGREEMENT

This Agreement (the "Agreement") is made and entered into effective as of December __, 2019 (the "Effective Date"), by and between Lynchburg Redevelopment and Housing Authority (the "Authority"), the City of Lynchburg (the "City"), and Waters at James Crossing, LP (together with any successors, the "Owner") (collectively, the "Parties").

RECITALS

- A. The Owner proposes to rehabilitate certain improved real property in the City of Lynchburg, Virginia (the "City"), consisting of an apartment community commonly known as James Crossing Apartments (comprised of 288 apartment units) having an address of 808 Greenfield Drive, Lynchburg, Virginia 24501 (the "Property").
- B. A portion of the Property (the "Section 8 Units") is subject to Housing Assistance Payments Contracts pursuant to the United States Housing Act of 1937, 42 U.S.C. 1437 and the Department of Housing and Urban Development Act, 42 U.S.C. 3531.
- C. The Owner intends to pursue tax-exempt bond financing and tax credit equity to fund the acquisition and rehabilitation of the Property (the "Financing").
- D. The Owner has obtained an inducement resolution (the "Resolution") from the Authority for the issuance of its bonds in an amount not to exceed \$28,000,000 (the "Bonds") to finance a portion of the costs of acquisition and rehabilitation of the Property.
- E. In consideration of the adoption of the Resolution, this Agreement is intended to outline for the Parties the mutual and respective commitments of each to the other in connection with the Financing, and upon/after the closing of the Financing, to undertake the commitments outlined herein.

AGREEMENT

Section 1. Defined Terms. All terms not otherwise defined herein have the following meanings:

"DHCD" shall mean the Virginia Department of Housing and Community Development.

"HUD" shall mean the United States Department of Housing and Urban Development.

"Lender" shall mean the financial institution, bank, investor group or other funding source that provides financing to the Owner.

"Project" shall mean the acquisition and rehabilitation of the Property, together with the Financing of such activities.

"Tax Credit Investor" means the low income housing tax credit investor / limited partner for the Property.

"VHDA" shall mean the Virginia Housing and Development Authority.

Section 2. Term. This Agreement shall have a term of 15 years from the Effective Date, and shall be binding on any successors of the Owner during such term; provided, however that this Agreement shall be subordinated, ipso facto, in all respects to the interests represented by any deed, deed of trust or deed in lieu, and all related financing or refinancing arrangements of the Owner or any successor owner, as such interests may appear.

Section 3. Condition of Property. The Owner shall maintain the Property in a decent, safe, and sanitary manner in accordance with the applicable standards of VHDA and HUD and state and local laws, including without limitation (with respect to the Section 8 Units), the Housing Quality Standards. The Owner agrees to use its reasonable best efforts to cure any deficiency identified by a City building inspector, within 20 business days of receiving written notice of the deficiency, or, if such deficiency cannot be reasonably cured in such 20 business day period, such longer period as may be necessary to address such deficiency provided that Owner is diligently pursuing cure of such deficiency. If the deficiency presents an imminent threat to the safety of residents requiring curing in less than 20 business days, then the Owner agrees to use its reasonable best efforts to cure the deficiency as quickly as reasonably practicable.

Section 4. Improvements. As part of the Project, the Owner agrees to complete, at a minimum, the actions listed in the rehabilitation scope per Exhibit A (the "Scope of Improvements"); provided however that the Scope of Improvements as attached hereto is preliminary, and may be adjusted in the sole discretion of the Owner as necessary or required to allow the Project to conform with any requirements of VHDA, HUD, the Lender or the Tax Credit Investor. All such improvements shall be completed within thirty (30) months from the first closing of the Financing (bond or tax credit financing).

Section 5. Mitigation of Displacement of Residents. The Owner agrees to take all reasonable steps to mitigate the displacement of current residents during and subsequent to completion of the Project. In the event current residents are required to relocate temporarily because of the completion of the rehabilitation of the Project, Owner shall make all reasonable efforts to limit the relocation to no more than 30 days, except for units being retrofitted for accessibility standards. The Owner shall also provide notice and advisory services to residents in the event temporary relocation is required, including but not limited to: (1) prior written notice of the date and approximate duration of any temporary relocation; (2) the unit at the Property to which such tenant will be relocated for the temporary period; and (3) the location at which the personal property of the tenant may be stored, at the Owner's expense, during such temporary period.

Section 6. Meetings. Representatives from the Authority, Owner (including at Owner's option, the Owner's Property Management designee (the "Property Manager")), and the City's Police Department and other such representatives as may be designated by the City or the Authority will meet at least annually, and at such other times as reasonably requested by the City or the Authority to discuss the physical and social conditions of the Property and to assess Owner's compliance with the provisions of this Agreement. In assessing compliance with the terms of this Agreement, the Owner agrees to make available upon reasonable request by the City or Authority such work orders or other records as may be reasonably requested by the City or the Authority.

Section 7. Cooperation with City Law Enforcement. The Owner shall enforce a "zero tolerance" policy with respect to criminal conduct, subject to due process and applicable law. The Owner shall, through coordination with its Property Manager, work in concert with City law enforcement agencies and actively participate in any programs reasonably recommended by such agencies to reduce and prevent crime and to ensure the safety and well-being of all residents at the Property. Additionally, the Owner shall develop and enforce no-trespassing and barring policies for individuals convicted of trespassing or serious crimes that would warrant barring from the Property. Owner shall further execute a no-trespassing enforcement agreement with the City's Police Department. Owner's lease agreement shall include a provision that recommends and requests that tenants report any criminal activity observed by the tenant or his/her household.

Section 8. Security. Owner shall (a) maintain or cause to be maintained video camera recording

devices at the Property at or exceeding the existing system and provide video footage when requested by law enforcement when given reasonable notice; and (b) ensure that all security cameras at the Property are functioning properly, 24 hours per day, 7 days per week. Owner shall ensure that any security contractor retained by Owner to provide the services described in this Section 8 maintains and is required to make available upon request (i) recorded footage from security cameras for at least 90 days, and (ii) recorded footage of any incident, criminal or other or illicit activity, so long as the Owner owns the Property.

Section 9. Inspection by City and Authority Employees. On a semi-annual basis, or otherwise as necessary to address any written complaint received by City and/or Authority relating to a violation of any HUD or VHDA rule or regulation or any violation of the Uniform Statewide Building Code or any law or ordinance regarding building maintenance standards from any tenant residing at the Property, the Owner agrees to allow City and/or Authority representatives to access the Property, including, upon seven (7) business days' written notice to the residents thereof, the interior of housing units and any other onsite facilities, to ensure Owner's compliance with this Agreement and with federal, state, and local laws and regulations associated with the condition of the Property. Any access to the Property by City and/or Authority shall be coordinated through, and undertaken only with the participation of, management staff at the Property. The Owner agrees (i) to include in its standard form lease with residents a provision allowing the City and Authority to perform the aforementioned inspection with seven (7) business days' written notice to the resident and (ii) to cooperate with the City and the Authority in providing the foregoing notices. Any access to such units shall (1) be consistent with management's rules and procedures, the lease agreements between the Owner and residents at the Property and all due process and privacy rights available to such residents, and (2) occur no more frequently than once in each calendar year for any given unit, except for re-inspections as allowed for below. The Owner further agrees to cure any deficiency identified by City or Authority representatives within 20 business days of receiving notice of the deficiency, or, if such deficiency cannot be reasonably addressed in such 20 business day period, such longer period as may be necessary to cure such deficiency, provided that the Owner is diligently pursuing cure of such deficiency. If the deficiency presents an imminent threat to the health or safety of the residents requiring curing in less than 20 business days, then the Owner agrees to use its best efforts to cure the deficiency as quickly as reasonably practicable. Owner agrees that City and/or Authority may access the Property for re-inspection purposes, as may be reasonably necessary to confirm that any deficiency identified by City or Authority under this Section 9 has been cured.

Section 10. On-Site Property Manager; Community Services Coordinator. The Owner shall ensure that its Property Manager will maintain an employee on site at the Property during business hours (8:30 a.m.-5:00 p.m.), and shall also maintain a Resident Services Coordinator on site at the Property for at least 15 hours per week. The Property Manager will serve as a primary point of contact for the City and the Authority, and shall appoint one of its employees to be a secondary contact for the City and Authority, so that someone will be available to the City and the Authority 24 hours a day, 7 days per week.

Section 11. Background Checks. The Owner shall conduct all required background checks on prospective tenants in accordance with fair housing, state, and local laws and abide by all legal restrictions concerning receipt, keeping, and destruction of records related to prospective residents' criminal backgrounds.

Section 12. Consequences of Breach. In the event of a breach by the Owner of any of the terms of this Agreement, and upon Owner's receipt of written notice of the breach from the City or the Authority, the Owner shall have 20 business days to cure the breach to the reasonable satisfaction of the City or the Authority or, if such breach cannot be reasonably cured in such 20 business day period, such longer period as may be necessary to address such breach provided that Owner is diligently pursuing cure of such breach. If the breach presents an imminent threat to the health or safety of residents requiring curing in less than 20 business days, then the Owner agrees to use its best efforts to cure the breach as

quickly as reasonably practicable.

Section 13. Amendments. This Agreement may be amended only by written agreement executed by the Parties.

Section 14. Notices. Notices to any party shall be sent to the addresses of that party set forth below. Any party may require notices to be sent to a different address by giving notice thereof to the other party. All notices or other communication required or permitted hereunder shall be in writing, and shall be deemed to have been given on (i) the third day after deposit in the United States mail, postage prepaid, (ii) the first day after deposit with Federal Express or similar overnight delivery services, or (iii) the date of delivery, if delivered personally.

To Owner:

Waters at James Crossing, LP
c/o Atlantic Housing Foundation
4770 Iberia Avenue, Suite 100
Dallas, Texas 75207
Attention: Chief Executive Officer

To the Authority:

Lynchburg Redevelopment and
Housing Authority
918 Commerce Street
Lynchburg, Virginia 24504
Attention: Executive Director

To City:

City of Lynchburg
Attn: City Manager
900 Church Street
Lynchburg, VA 24504

Section 15. Support of Owner's Private Activity Bond and Low Income Housing Tax Credit Allocation Requests. Each of the Authority and the City hereby agrees that it will support, as necessary, the Owner's applications for (a) private activity bond allocation that will be submitted to DHCD, and (b) low-income housing tax credits that will be submitted to VHDA, in connection with the Project. Such support shall be limited to the execution and delivery of the correspondence and/or documents necessary for the Owner to complete and submit the applications described in clauses (a) and (b) above, all of which are to be prepared by bond counsel for the Owner, at the Owner's expense, and are conditions precedent to the issuance of the Bonds.

Section 16. Compliance by Owner with HUD, VHDA, Lender and Tax Credit Investor Requirements. The Authority agrees that compliance by the Owner with the provisions of this Agreement is not intended to, and does not, supersede or conflict with any HUD, VHDA, Lender and Tax Credit Investor requirements regarding the Project or the Owner's responsibilities described herein. Therefore, the Parties agree to interpret and apply this Agreement in a manner that will not require the Owner to commit any action or omission that is prohibited by any HUD, VHDA, Lender or Tax Credit Investor requirements.

Section 17. No Waiver. The failure by either Party to enforce any provision under this Agreement shall not be construed as a waiver of that Party's right to enforce the provision unless said waiver is in a writing signed by the waiving Party.

[Remainder of Page Intentionally Left Blank – Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representative as of the Effective Date set forth above.

Authority:

LYNCHBURG REDEVELOPMENT AND
HOUSING AUTHORITY

By: R. Dawn Fagan
Name: R. Dawn Fagan
Its: Executive Director

COMMONWEALTH OF VIRGINIA

CITY OF LYNCHBURG to-wit:

The foregoing Agreement was sworn to and subscribed before me by R. Dawn Fagan on behalf of the Lynchburg Redevelopment and Housing Authority this 3rd day of December, 2019.

Maryland F. Robinson
Notary Public

My commission expires: 7-31-2022.



Owner:

WATERS AT JAMES CROSSING, LP

By: AHF-WATERS AT JAMES CROSSING,
LLC

Its: General Partner

By: _____

Name:

Its:

STATE OF _____

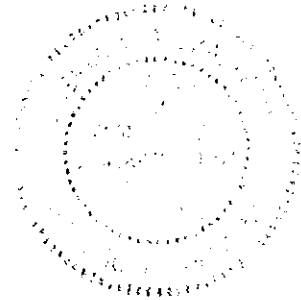
COUNTY/CITY OF _____ to-wit:

The foregoing Agreement was sworn to and subscribed before me by _____
_____, on behalf of AHF-Waters at James Crossing, LLC, as General Partner of
Waters at James Crossing, LP this ___ day of December, 2019.

Notary Public

My commission expires: _____

Commission number: _____



City:

CITY OF LYNCHBURG

By: _____

Name:

Its:

COMONWEALTH OF VIRGINIA

CITY OF LYNCHBURG to-wit:

The foregoing Agreement was sworn to and subscribed before me by _____
_____, on behalf of the City of Lynchburg this __ day of December, 2019.

Notary Public

My commission expires: _____

Commission number: _____

EXHIBIT A
Preliminary Scope of Improvements

Scope and Estimated Hard Cost Budget - James Crossing

Item	Description
288 units (1 unit is leasing office)	
Interior	
Appliances (White)	Range, range hood, dishwasher, refrigerator
Bath Accessories	Towel bar, toilet paper dispenser, mirror, medicine cabinet
Cabinets & Countertops	Cabinets, vanities, countertops
Door Hardware	New hardware (except hinges), new peep holes, add knockers
Doors	Replace as necessary, repaint
Electrical	New exhaust fans and plate covers
Flooring	Vinyl planks entirely
Finish Carpentry	As necessary, trims and moldings
Interior Lighting	Lighting fixtures, fans, smoke detectors
Plumbing Fixtures	Sinks, faucets, mixing valves, new tub
Interior Drywall & Paint	Drywall repair and repaint
Windows	Vinyl, Low-E, impact
Window Treatments	Blinds
Exterior	
Exterior Paint (2 coats)	Repaint stairs, landings, breezeways
Exterior Rails and Canopies	Replace landing rails and canopies to be more attractive
Exterior Repairs	Brick veneers, trim, soffit and fascia (fiber cement)
Exterior Wallpacks	Repair and replace as necessary
Exterior Window Shutters	New decorative shutters at all windows
Roofing	24 residential, community/laundry and pool storage buildings
Gutters & Downspouts	Repair gutters and downspouts, add splash blocks as necessary
Site Work	
Landscape & Irrigation	New enhanced landscape entire property
Drainage Improvement	As necessary including erosion control
Monument Sign	New monument sign, location to be determined
Pavements/Curbs/Sidewalks	Necessary concrete repairs, reseal asphalt pavement and restripe
Accessible Route	Accessible route to residential buildings with ADA units
Amenities	
Leasing Office	Improve Unit 29 at Building 808
Community Center & Laundry	Necessary repair or improvement
Exterior Siding	Replace and paint at comm center/laundry and pool buildings
Maintenance Shop/Storage	Necessary repair or improvement
Pool	Necessary repair or improvement
Pool Storage Building	Necessary repair or improvement
Mailbox Pavilions	New attractive structure and roof, extend concrete pads
Bus Shelter	Extend concrete pad and add a similar shelter
Playgrounds & Picnic Areas	New playground equipment, gazebo, BBQ, fence & gate
Dumpster Enclosures	New enclosure around existing pads, check number of dumpsters
Accessible Public Areas	Improve all amenity buildings to meet ADA requirements
Selective Rehab	
Plumbing Rough/Electrical	check maintenance record, replace machines older than 7 years old
HVAC	All waste and condensate lines shall be jettisoned and tested
Plumbing Systems	HVAC
Plumbing Fixtures	Water Heaters
	Fiberglass tub surrounds, toilets, all faucets have single lever
General Conditions	
Overhead	
Profit	
Permits & License	

Total \$10,200,000

Total per Unit \$35,000

Note: Scope and estimated hard cost are pending final pricing.

**RESOLUTION APPROVING THE ISSUANCE BY THE
LYNCHBURG REDEVELOPMENT AND HOUSING AUTHORITY
OF ITS TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS
FOR THE ACQUISITION AND
REHABILITATION OF JAMES CROSSING APARTMENTS
LOCATED IN THE CITY OF LYNCHBURG, VIRGINIA**

WHEREAS, the Lynchburg Redevelopment and Housing Authority (the "Authority") is authorized to advertise and hold public hearings relative to the issuance of private activity bonds; and

WHEREAS, the Authority has previously considered and approved the request of Waters at James Crossing, LP, a Delaware limited partnership (the "Purchaser"), whose address is c/o Atlantic Housing Foundation, Inc., 4770 Iberia Avenue, Suite 100, Dallas Texas 75207, for the issuance by the Authority of its tax-exempt multifamily housing revenue bonds in the maximum principal amount not to exceed \$28,000,000, upon terms and conditions to be mutually agreed upon by the Authority and the Purchaser (the "Bonds"), to finance a portion of the costs of acquisition and rehabilitation of a 288-unit multifamily housing apartment project and related or ancillary facilities known as James Crossing Apartments (the "Project"), located at 808 Greenfield Drive, Lynchburg, Virginia 24501, in the City of Lynchburg, Virginia (the "City"); and

WHEREAS, the City has previously considered and approved a Resolution authorizing, among other things, the issuance of the Bonds by the Authority for the Project; and

WHEREAS, the issuance of the Bonds for the Project was delayed due to multiple factors including without limitation (1) unanticipated delays in the underwriting process for the Bonds and allocation of low income housing tax credits for the Project, and (2) impacts from the global pandemic attributable to the novel coronavirus known as COVID-19; and

WHEREAS, the approvals previously granted by the Authority and the City regarding the issuance of the Bonds will expire before it will be possible for the Bonds to be issued; and

WHEREAS, the Purchaser has requested that the Authority and the City reconsider and reapprove the issuance of the Bonds at this time, such that the Bonds may be issued in 2021; and

WHEREAS, on November 19, 2020, the Authority conducted a public hearing on the issuance of the Bonds and, by adoption of a resolution (the "Inducement Resolution"), declared its official intent to issue the Bonds to finance the Project, and recommended (among other things) that the City Council of the City of Lynchburg (the "City Council") approve the issuance of the Bonds; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), provides that the applicable elected representatives of the governmental unit issuing private activity bonds shall approve the issuance of such bonds; and

WHEREAS, the Authority, as the issuing governmental unit with respect to the Bonds, has no applicable elected representatives and the City Council is the next highest governmental unit with such representatives; and

WHEREAS, the members of the City Council constitute the applicable elected representatives of the City of Lynchburg (the “City”); and

WHEREAS, the Bonds are considered “industrial development bonds” within the meaning of Section 103(B) of the Internal Revenue Code of 1954, as amended, and accordingly, Chapter 514 of the 1983 Acts of the General Assembly of Virginia requires that any government entity established by or pursuant to an Act of the General Assembly, such as the Authority, shall comply with the procedures set forth in Sections 15.2-4906 and 15.2-4907 of the Virginia Code; and

WHEREAS, the procedures set forth in Section 15.2-4906 and 15.2-4907 of the Virginia Code have been satisfied; to wit: (1) the Authority has adopted the Inducement Resolution recommending that the City Council approve the issuance of the Bonds and a copy of such Inducement Resolution, (2) a reasonably detailed summary of the comments, if any, expressed at the public hearing described in the foregoing Recitals, and (3) the Fiscal Impact Statement required by Section 15.2-4907 of the Virginia Code, have been filed with the City Council; and,

WHEREAS, Section 15.2-4906 of the Virginia Code requires that, within sixty (60) calendar days after the public hearing, the City Council either approve or disapprove the financing of any facility recommended by the Authority; and

WHEREAS, the Bonds, as exempt facility bonds issued under section 142 of the Code, will necessitate that the Purchaser secure an allocation of private activity housing bond cap (the “PAB Allocation”) in order for interest on the Bonds to be exempt from the imposition of federal income tax; and

WHEREAS, the Purchaser’s plan of finance contemplates and includes an allocation of low income housing tax credits for the Project, if available under applicable law and regulations (the “LIHTC Allocation”);

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LYNCHBURG, VIRGINIA THAT:

1. The City Council approves the foregoing recitals, which are incorporated in, and deemed a part of, this Resolution as if fully set forth herein.

2. The City Council approves the issuance of the Bonds by the Authority in an amount not to exceed \$28,000,000 for the benefit of the Purchaser and approves the Authority’s taking all actions necessary in the discretion of the Authority to the extent of and as required by Section 147(f) of the code, Chapter 514 of the 1983 Acts of the Virginia General Assembly, and Sections 15.2-4906 and 15.2-4907 of the Virginia Code, to permit the Authority to assist in the financing of the Project through the issuance of the Bonds. Each of the City Manager, the Mayor

READ AND ADOPTED: December 8, 2020

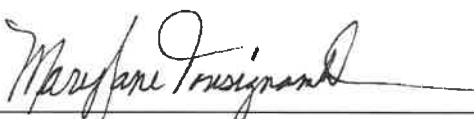
CERTIFICATE

Record of the roll-call vote by the City Council of the City of Lynchburg, Virginia, upon reading on a resolution titled “**RESOLUTION APPROVING THE ISSUANCE BY THE LYNCHBURG REDEVELOPMENT AND HOUSING AUTHORITY OF ITS TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS FOR THE ACQUISITION AND REHABILITATION OF JAMES CROSSING APARTMENTS LOCATED IN THE CITY OF LYNCHBURG, VIRGINIA,**” taken at a meeting of the City Council held on December [8][22], 2020:

	AYE	NAY	ABSTAIN	ABSENT
Mary Jane Dolan, Mayor				
Beau Wright, Vice Mayor				
Jeff Helgeson				
Randy Nelson				
Chris Faraldi				
Sterling Wilder				
Treney Tweedy				

Dated: December 8, 2020

(SEAL)



Mayor, City of Lynchburg, Virginia

ATTEST:



Clerk, City Council of the City of
Lynchburg, Virginia

The undersigned Clerk of the City Council of the City of Lynchburg, Virginia (the “City Council”) hereby certifies that the foregoing is a true, correct, and complete copy of a Resolution adopted by the City Council at its meeting duly called and held on December [8][22], 2020, in accordance with law, and that such Resolution has not been repealed, revoked, rescinded, or amended, but is in full force and effect as of the date hereof.

WITNESS my hand and the seal of the City of Lynchburg, Virginia this Authority this ____ day of December, 2020.

and the Clerk of this Council are hereby authorized to take such further actions and execute and deliver such other documents, instruments, certificates or correspondence as are not inconsistent with this Resolution and may be necessary or appropriate for the issuance of the Bonds by the Authority and the award/allocation of the PAB Allocation and the LIHTC Allocation.

3. The approval of the City Council of the issuance of the Bonds by the Authority as required by Section 147(f) of the Code, Chapter 514 of the 1983 Acts of the Virginia General Assembly, and Sections 15.2-4906 and 15.2-4907 of the Virginia Code does not constitute an endorsement to the prospective owners of the Bonds of the creditworthiness of the Project or the Purchaser, and the Bonds shall provide that neither the City nor the Authority shall be obligated to pay the Bonds or the interest thereon or other costs incident thereto except from the revenues and monies pledged thereto, and that neither the faith and credit nor the taxing power of the City or the Authority is pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto.

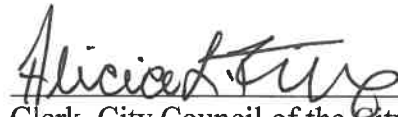
4. In approving this Resolution, the City, including its elected representatives, officers, employees and agents, shall not be liable, and hereby disclaims all liability for any damages to any person, direct or consequential, resulting from the Authority's failure to issue the Bonds for any reason.

5. The Agreement dated as of December, 2019 by and among the Authority, the City and the Borrower (the "James Crossing Agreement"), in substantially the form previously approved by the Authority and as presented to the City and its counsel at this meeting or prior to the date hereof, is hereby ratified and confirmed; provided however that Exhibit A to the James Crossing Agreement shall be replaced with the Exhibit presented to the Authority in connection with its adoption of the Inducement Resolution. Each of the City Manager, the Mayor, and the Clerk of this Council shall be and hereby is authorized and directed to execute or re-execute the James Crossing Agreement and to deliver same to the Authority and the Borrower; and, upon such execution, the City Manager shall maintain or cause to be maintained a fully-executed version of the James Crossing Agreement in the City's files.

6. While the City has agreed in the James Crossing Agreement to assist the Borrower in obtaining a reservation of low income housing tax credits and/or an allocation of private activity housing bond cap for the Project, such support shall be limited to the execution and delivery of the correspondence and/or documents necessary for the Borrower to complete and submit the applications for such tax credits and private activity housing bond cap (as provided in Section 15 of the James Crossing Agreement), and the City makes no representations to the Borrower regarding the availability of such sources of funding.

7. The approvals evidenced by this Resolution are contingent upon the satisfaction of all legal requirements applicable to the issuance of the Bonds.

6. This Resolution shall take effect immediately upon its adoption.

A handwritten signature in black ink, appearing to read "Alicia King". The signature is written in a cursive, flowing style with a horizontal line extending from the end of the name.

Clerk, City Council of the City of Lynchburg,
Virginia

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 8, 2020**

AGENDA ITEM #: **12**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Top Ridge Drive (FR-794) Abandonment by Virginia Department of Transportation (VDOT)

KEY ELEMENTS:

___ Economic Development **X** Excellent Government **X** Natural and Built Environment ___ Safe Community ___ Vibrant Community

RECOMMENDATION: Abandon a portion of Top Ridge Drive from the City's Street system.

SUMMARY: VDOT has requested that the City of Lynchburg formally abandon a section of Top Ridge Drive (Frontage Road FR-794) from our street system. This section of roadway was removed to accommodate the construction of the Odd Fellows Interchange on and off ramps. This is simply an administrative "clean-up" item for VDOT since this section of roadway no longer exists.

If City Council approves the abandonment of this street section, the Commonwealth Transportation Board will take action on this item at a future meeting.

PRIOR ACTION: None

FISCAL IMPACT: None

CONTACT(S): Lee Newland, City Engineer 455-3947
Gaynelle Hart, Director of Public Works 455-4406

ATTACHMENT(S): Resolution
Map

REVIEWED BY: klw

154A

RESOLUTION OF THE CITY OF LYNCHBURG, VIRGINIA

WHEREAS, the Lynchburg City Council has, pursuant to §33.2-902 of the *Code of Virginia*, been notified by the Commissioner of the Virginia Department of Transportation with its intent to abandon from the Primary System of State Highways Route FR-794 a total distance of 0.54 mile as shown on the attached sketch; and

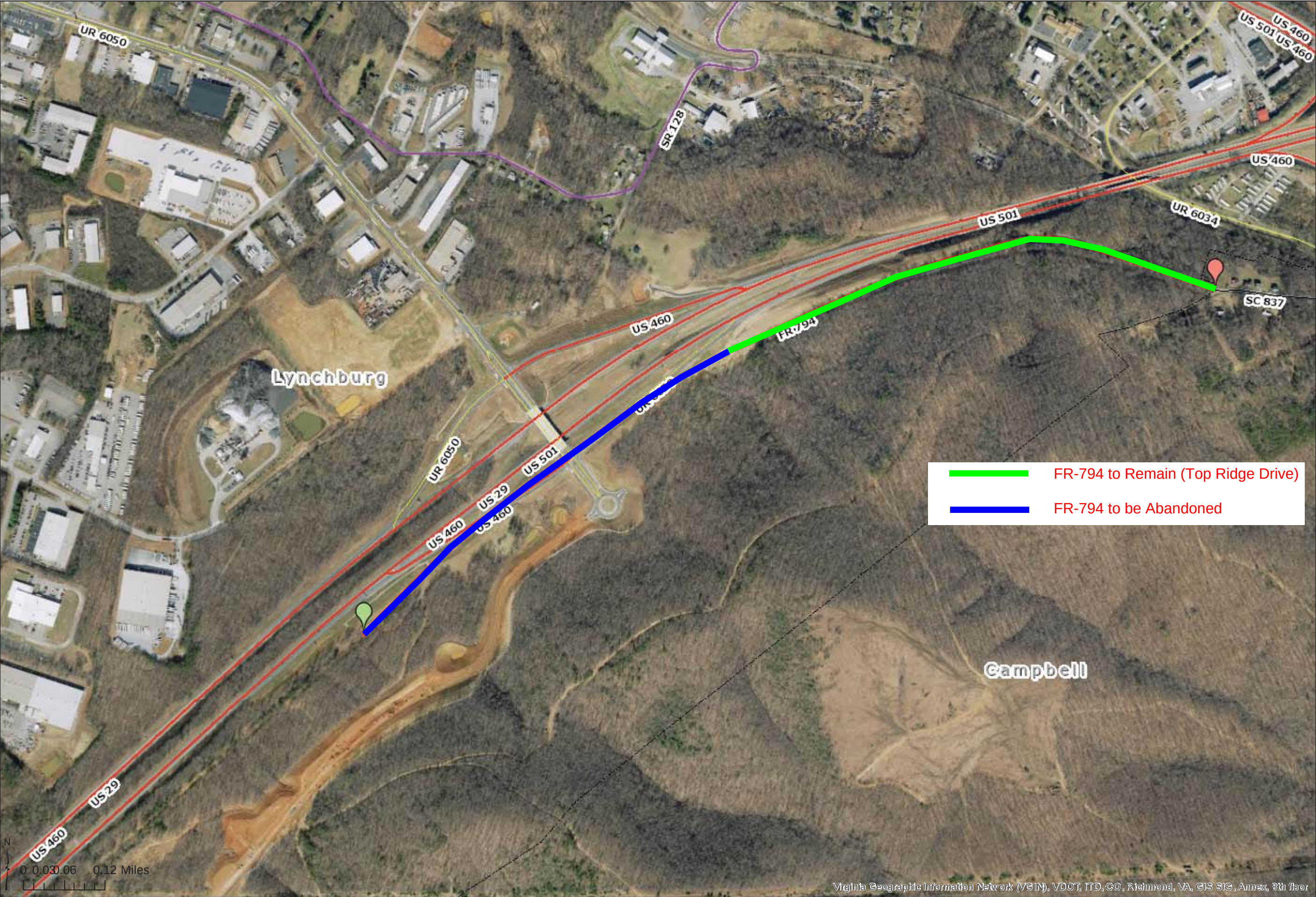
NOW, THEREFORE BE IT RESOLVED, the Lynchburg City Council, supports the Virginia Department of Transportation's action to abandon from the Primary System of State Highways Route FR-794 pursuant to §33.2-902 of the *Code of Virginia*, as the Lynchburg City Council agrees that no public necessity exists for the continuance of the section of highway as a public highway; and

BE IT FURTHER RESOLVED THAT: Reid Wodicka, Interim City Manager, is authorized to execute any City State Agreements and documents that may be needed for this action and that a certified copy of this resolution be forwarded to the Residency Engineer of the Virginia Department of Transportation Appomattox Residency.

Adopted:

Certified:

Interim Clerk of Council



Notes

Legend

All Roads

Interstate

U.S. Highway Primary

State Highway Primary

Secondary Route

Urban and Frontage Roads

Towns

Counties and Cities

Cities

Counties

VDOT Districts

RESOLUTION OF THE CITY OF LYNCHBURG, VIRGINIA

WHEREAS, the Lynchburg City Council has, pursuant to §33.2-902 of the *Code of Virginia*, been notified by the Commissioner of the Virginia Department of Transportation with its intent to abandon from the Primary System of State Highways Route FR-794 a total distance of 0.54 mile as shown on the attached sketch; and

NOW, THEREFORE BE IT RESOLVED, the Lynchburg City Council, supports the Virginia Department of Transportation's action to abandon from the Primary System of State Highways Route FR-794 pursuant to §33.2-902 of the *Code of Virginia*, as the Lynchburg City Council agrees that no public necessity exists for the continuance of the section of highway as a public highway; and

BE IT FURTHER RESOLVED THAT: Reid Wodicka, Interim City Manager, is authorized to execute any City State Agreements and documents that may be needed for this action and that a certified copy of this resolution be forwarded to the Residency Engineer of the Virginia Department of Transportation Appomattox Residency.

Adopted: December 8, 2020

Certified:


Interim Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 8, 2020**

AGENDA ITEM #: **13**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: City Holidays

KEY ELEMENTS:

___ Economic Development **X** Excellent Government ___ Natural and Built Environment ___ Safe Community ___ Vibrant Community

RECOMMENDATION: Adopt a resolution adding Juneteenth and Veterans Day as permanent City holidays.

SUMMARY: The City's personnel policies identify a number of holidays for which City offices are closed. In reviewing the City's holidays compared with many of our surrounding counties as well as the Commonwealth of Virginia, the City provides considerably fewer paid holidays. For example, the state recognizes 15.5 holidays, while the City recognizes just 10.

Last year, members of City Council suggested adding Juneteenth to the list of holidays. City Council did so, but just for calendar year 2020. Given the importance of this holiday to everyone in our community, this holiday should be added to the permanent list. Additionally, Veterans Day has not traditionally been recognized by the City and, given the number of employees who are veterans, plus the important role that veterans play in our community, staff recommends adding this holiday as well.

PRIOR ACTION: n/a

FISCAL IMPACT: Additional overtime costs for 24/7 operations

CONTACT(S): Reid A. Wodicka, Interim City Manager – 455-3990

ATTACHMENT(S):

Resolution

List of existing City holidays, compared with State holidays

REVIEWED BY: raw

158A

RESOLUTION

BE IT RESOLVED that the Lynchburg City Council approves the addition of Juneteenth and Veterans Day to the list of City holidays.

Adopted:

Certified:

Interim Clerk of Council

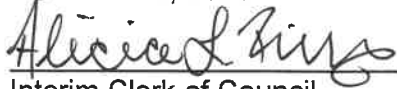
City Holidays compared with Commonwealth Holidays

Present City Holidays (10) - New Year's Day - Martin Luther King Day - Presidents' Day - Memorial Day - Independence Day - Labor Day - Thanksgiving Day - Friday after Thanksgiving - Christmas Eve - Christmas Day	Commonwealth of Virginia Holiday (15.5 days) - New Year's Day - <u>Lee Jackson Day</u> - Martin Luther King Day - Presidents' Day (George Washington Day) - Memorial Day - <u>Juneteenth</u> - Independence Day - Labor Day - <u>Columbus Day (Yorktown Victory Day)</u> - <u>Election Day</u> - <u>Veterans Day</u> - <u>Half Day before Thanksgiving</u> - Thanksgiving Day - Friday after Thanksgiving - Christmas Eve - Christmas Day
--	--

BE IT RESOLVED that the Lynchburg City Council approves the addition of Juneteenth and Veterans Day to the list of City holidays.

Adopted: December 8, 2020

Certified:



Interim Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 8, 2020**

AGENDA ITEM #: **14**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Appointment of the Clerk of Council

KEY ELEMENTS:

___Economic Development **X**Excellent Government ___Natural and Built Environment ___Safe Community ___Vibrant Community

RECOMMENDATION: Adopt a resolution approving the appointment of the new Clerk of Council

SUMMARY: Following a recruitment process, City Council has chosen a new Clerk of Council. City Council needs to adopt the attached resolution formally appointing the preferred candidate for the position of Clerk of Council, effective December 9, 2020.

PRIOR ACTION: n/a

FISCAL IMPACT: n/a

CONTACT(S): MaryJane Dolan, Mayor – 455-3990

ATTACHMENT(S): Resolution

REVIEWED BY: raw

156A

RESOLUTION:

BE IT HEREBY RESOLVED THAT the Lynchburg City Council hereby appoints _____, Clerk of Council for the City of Lynchburg, Virginia, effective December 9, 2020, and authorizes the Mayor, on behalf of City Council, to sign a Letter of Employment with _____.

Adopted:

Certified: _____

Interim Clerk of Council

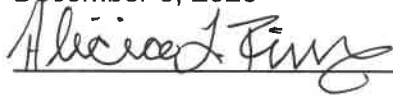
RESOLUTION:

#R-20-098

BE IT HEREBY RESOLVED THAT the Lynchburg City Council hereby appoints Ms. Alicia L. Finney, Clerk of Council for the City of Lynchburg, Virginia, effective December 9, 2020, and authorizes the Mayor, on behalf of City Council, to sign a Letter of Employment with her.

Adopted: December 8, 2020

Certified:

A handwritten signature in cursive script, appearing to read "Alicia L. Finney", is written over a horizontal line.

Interim Clerk of Council